

## The EBC's Checklist to Carving-Out Specialty Drugs from the Pharmacy Benefit

Specialty drug carve-out programs often speak to how simple it is to exclude specialty drugs from the pharmacy benefits coverage. They also may give the impression that they cover all specialty medications. However, the reality can be vastly different depending on the employer's existing pharmacy benefits contract, specialty drug mix and utilization, and member demographic composition.

**Consider these factors as you guide your clients through the discussion:**

### *Drug Coverage Limitations*

- How many drugs are covered on the carve-out vendor's formulary vs the PBM's?
- How many members utilize those drugs? How many members won't have coverage?

### *Access to Needs-based Funding*

- Are there sufficient funding sources for the specialty drugs utilized by members?
- Will members, including highly compensated, qualify based on eligibility requirements?
- Will the funded amounts be sufficient? For how long? Are refills eligible?

### *Impact on Rates, Rebates, and Savings*

- How will the program impact the plan's pharmacy network rates and drug rebates?
- How will changes in prior authorization approval rates and related savings impact the plan?
- What are the cost impacts associated with non-targeted medications, and short-term versus maintenance therapies?

### *Custom Benefit Administration*

- How will the employer handle exceptions for members who cannot obtain funding (in part or in total)?
- Will those processes support handling exceptions each time the member changes medications or dosage?
- How will manual overrides be coordinated between the carve-out vendor, the employer, and PBM?
- How will lists for exclusion be maintained as new specialty drugs enter the market throughout the year?
- How will new-to-market drugs be covered before they are excluded from the benefit?
- Does the employer's legal team understand the consequences of not providing a consistent application of benefits?