

Experience with Pharmacy Drug Benefits and Pharmaceutical Benefit Managers (PBMs) 2024 Employer Survey

Funded by The Pharmaceutical Care Management Association (PCMA)

Survey Overview and Specifications

This survey explores employer experiences and perceptions of managing employee drug benefits and working with PBMs to provide these benefits

Research Objectives:

- 1 Understand employer priorities when selecting and managing pharmacy benefit programs, including key factors they consider when choosing a PBM
- 2 Examine employer approaches to PBM rebates, including how they receive and allocate them, their preferred rebate models, and overall perspectives on rebate utilization
- 3 Assess employer perceptions of PBMs, including their transparency and effectiveness in controlling drug costs
- 4 Measure employer satisfaction with their current PBM partnerships

Survey Specifications

The **2024 Employer Survey** is a 43-question survey fielded to a convenience sample of U.S. employers who contract with PBMs to administer their prescription drug benefits.

This research was conducted by NORC and funded by PCMA



N = 691

Convenience Sample:

- Unweighted
- U.S. employers who use PBMs to administer their prescription drug benefits

Mode: Web, all devices

Fielding dates: 9/5/2024-9/30/2024

Key Findings

Reflecting on the last two plan years, employers expressed high satisfaction with PBMs across key performance areas

Contract Transparency

90%

of employers expressed satisfaction with their PBMs' clarity and transparency of contract terms

Cost- Effectiveness

88%

of employers expressed satisfaction with their PBMs' ability to provide the lowest costs for employees at the pharmacy counter

Negotiation & Savings

86%

of employers expressed satisfaction with their PBMs' ability to negotiate discounts from drug manufacturers and generate savings for their organization

Risk Management

87%

of employers expressed satisfaction with their PBMs' ability to manage risk and accurately predict their organization's prescription drug benefit costs

Employers are highly confident in their ability to select drug benefits, prioritizing employee costs and access

Drug Benefits Decision-Making Confidence

96%

of employers **feel confident** in their organization's ability to make decisions regarding prescription drug benefits correctly

91%

of employers stated that when choosing a PBM, the PBM's ability to provide the **lowest costs for employees at the pharmacy counter** is an important factor in their organization's decision-making process

90%

of employers stated that when choosing a PBM, **a wide network of easily accessible pharmacies for employees** is an important factor in their organization's decision-making process

87%

of employers stated that when choosing a PBM, **formulary variety, including drug choices at different price points**, is an important plan design feature in their organization's decision-making process

Many employers use rebates specifically to lower employees' costs

90% of employers who received rebates in the past 12 months used them to offset prescription drug benefit costs

Among those employers, many directed rebates towards actions to reduce employee out-of-pocket costs:

59% lowered employee health insurance premium contributions

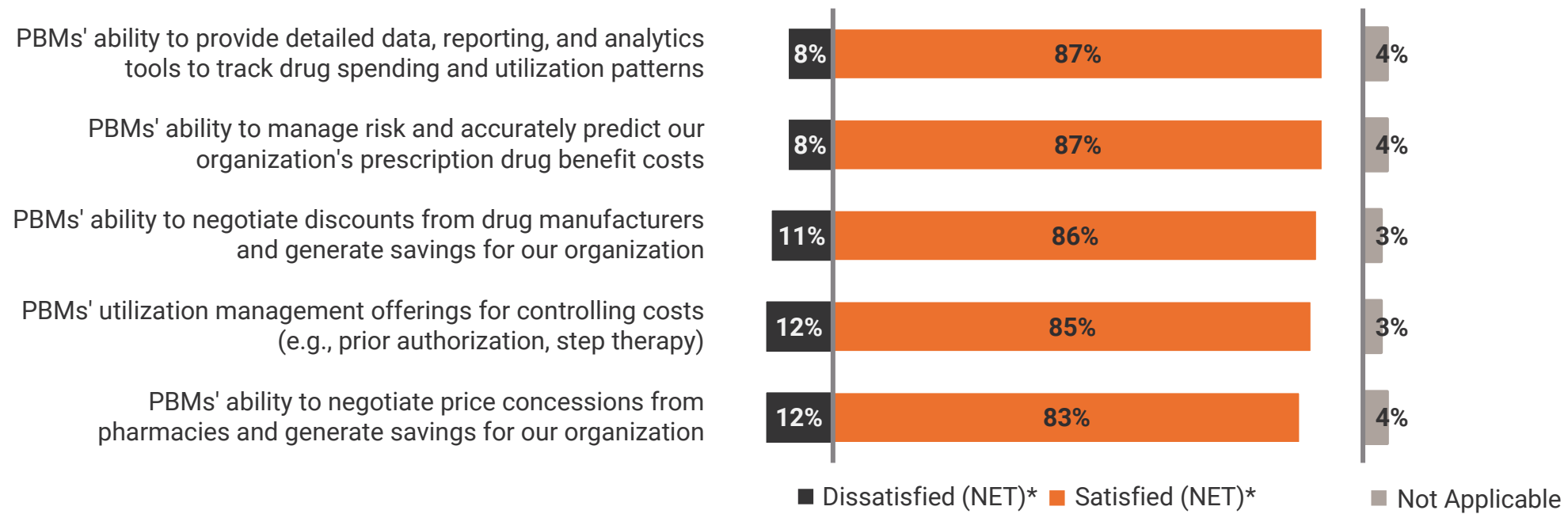
48% reduced prescription drug copayments

33% decreased coinsurance rates for prescription drugs

Experiences and Satisfaction with PBMs

Nearly all employers are satisfied with multiple measures of their PBMs' financial performance

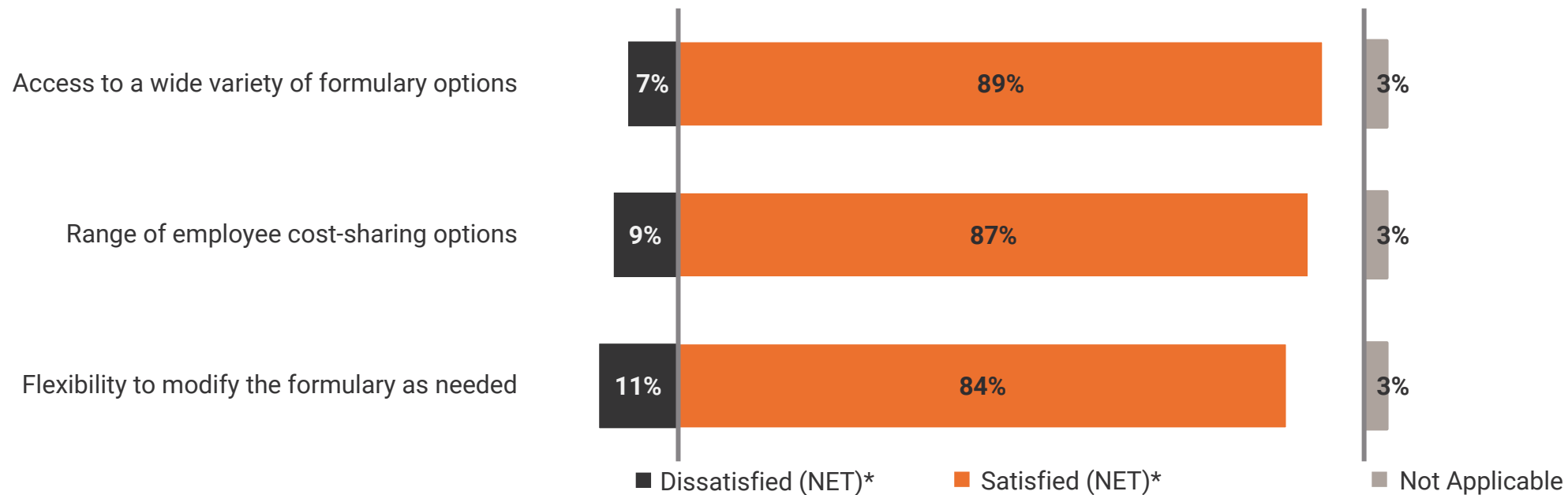
Satisfaction with PBMs' Financial Performance Over the Last Two Plan Years (percent)



Question: Based on your organization's experience with PBMs over the last two plan years, how satisfied are you with their performance in the following financial areas? (N=691); *NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Most employers are satisfied with their PBMs' plan design features

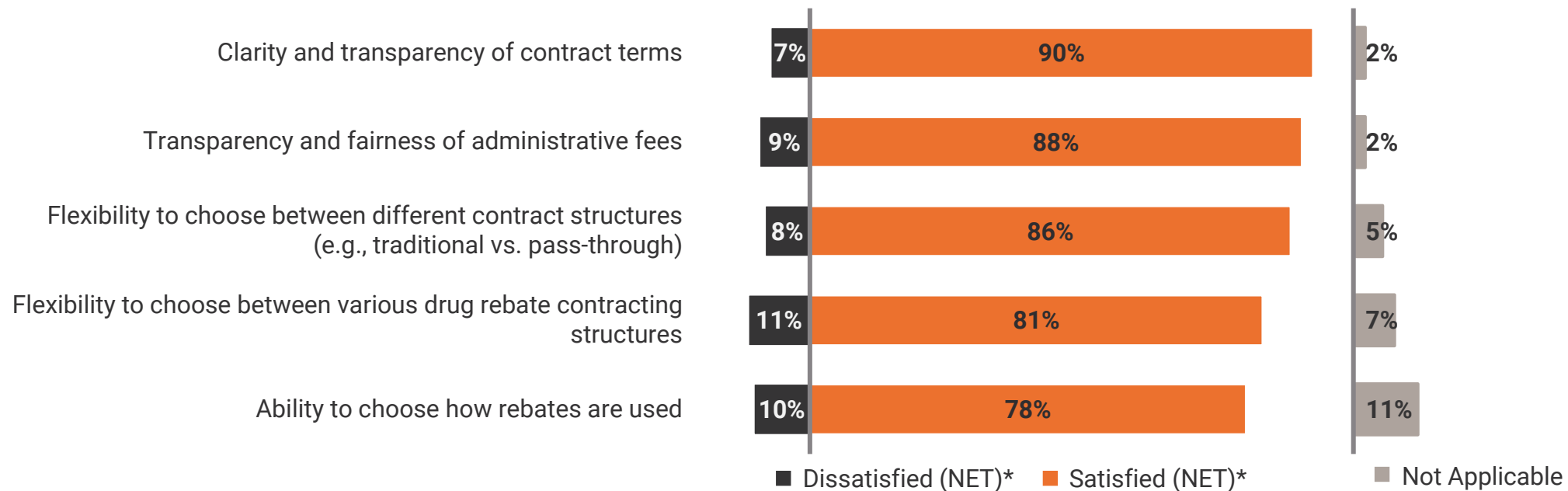
Satisfaction with PBM Plan Design Features Over the Last Two Plan Years (percent)



Question: Based on your organization's experience with PBMs over the last two plan years, how satisfied are you with their ability to offer the following plan design features? (N=691);
 *NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Nearly all employers expressed satisfaction with multiple key elements of the PBM contracting process

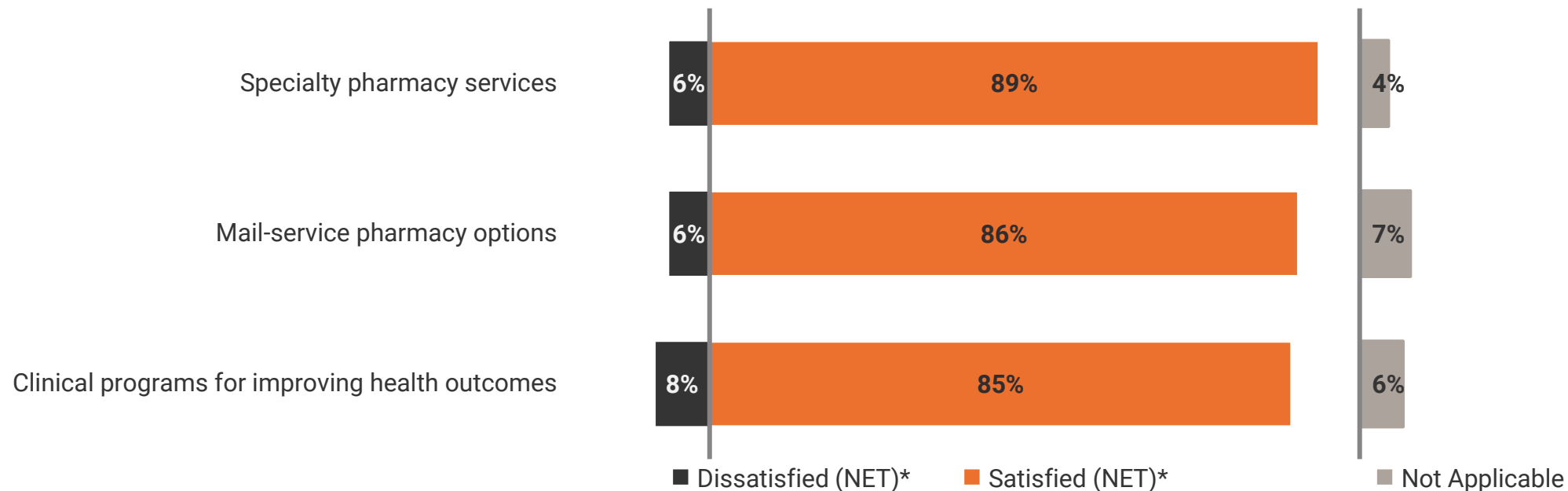
Satisfaction with Key Aspects of the PBM Contracting Process Over the Last Two Plan Years (percent)



Question: Based on your organization's experience with PBMs over the last two plan years, how satisfied are you with the following aspects of the PBM contracting process? (N=691); *NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Employers expressed high levels of satisfaction with their PBMs' additional services, including specialty and mail-in pharmacy services

Satisfaction with PBMs' Additional Services Over the Last Two Plan Years (percent)

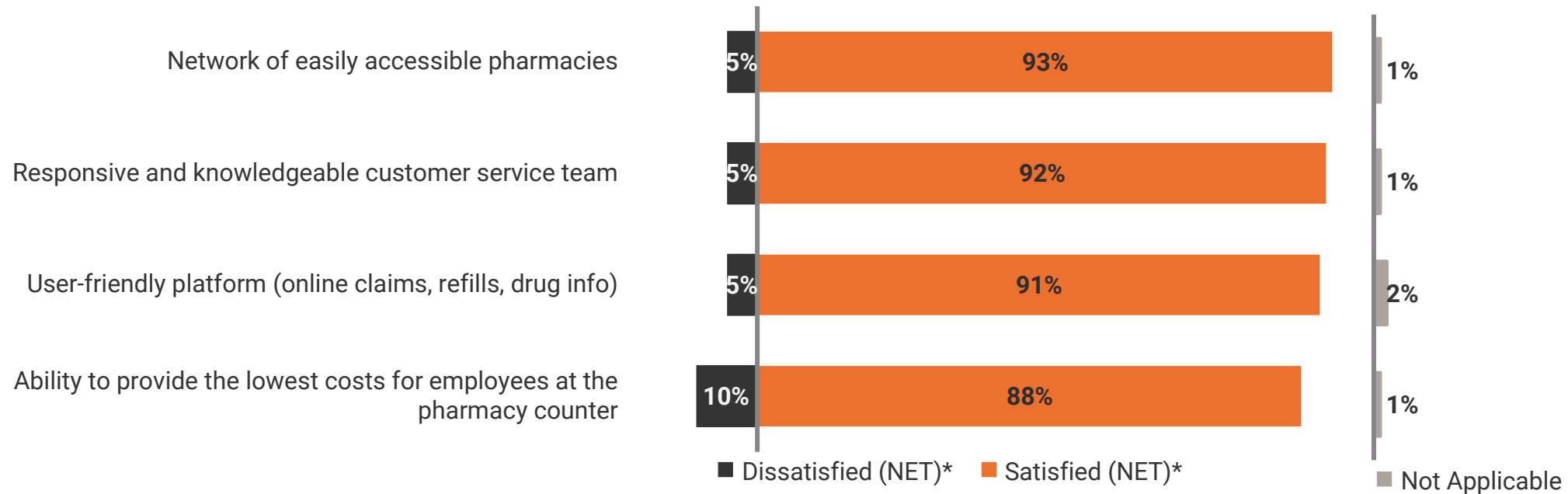


Question: Based on your organization's experience with PBMs over the last two plan years, how satisfied are you with the following services? (N=691);

*NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Employers are satisfied with the user-friendly online platforms and responsive customer service offered by their PBMs

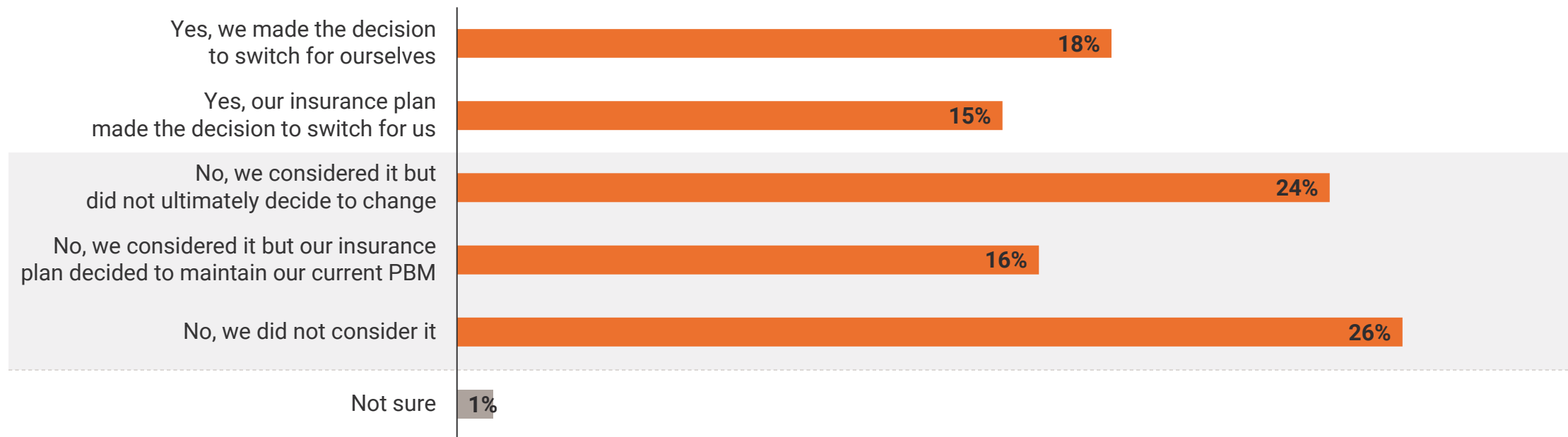
Satisfaction with Other PBM Features Over the Last Two Plan Years (percent)



Question: Based on your organization's experience with PBMs over the last two plan years, how satisfied are you with the following services? (N=691);
 *NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Organizations largely maintained their existing PBM partnerships over the past two plan years

PBM Switching Activity in the Last Two Plan Years (percent)

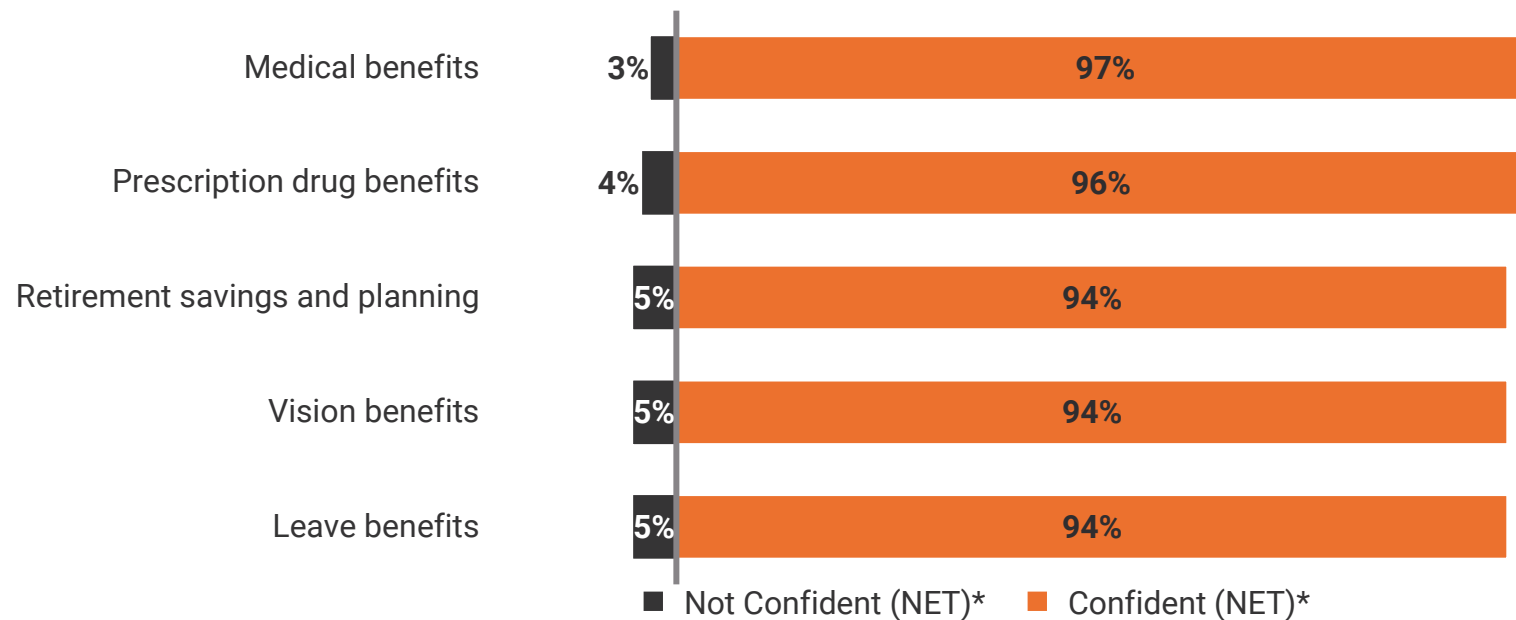


Question: Has your organization switched PBMs within the last two plan years? (N=691)
Percentages may not add up to 100 due to rounding or skipped questions

Approach to and Experiences with Drug Benefit Design

Nearly all employers expressed confidence in their organization's ability to make the right decisions about prescription drug benefits

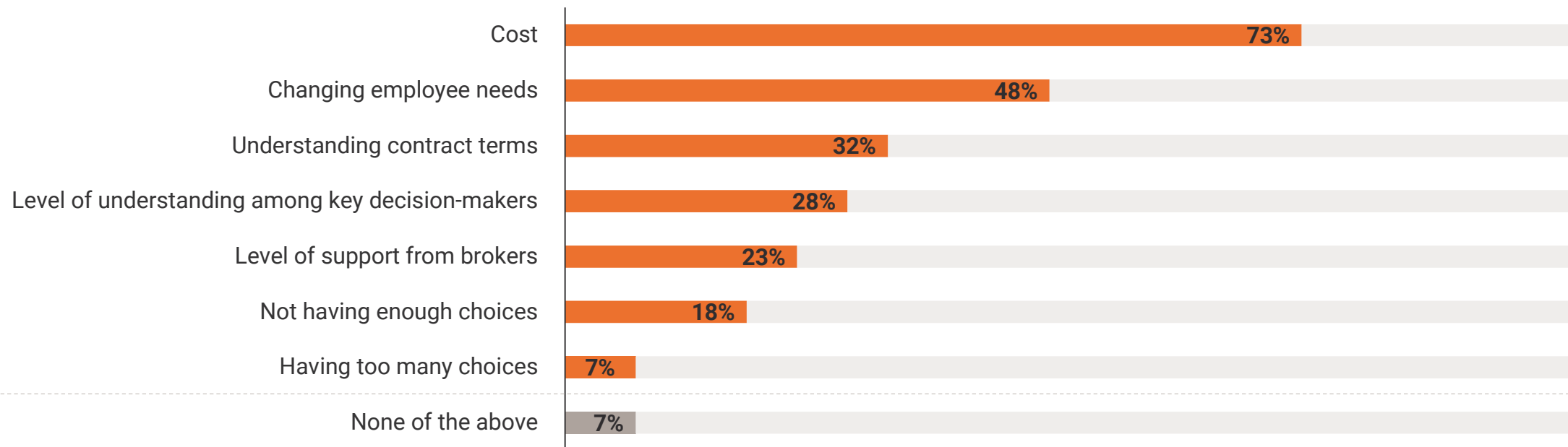
Employer Confidence in Making Decisions for Various Benefit Categories (percent)



Question: Thinking about annual decision-making for benefit categories, how confident do you feel in your organization's ability to make these decisions correctly? (N= 691);
*NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Most employers believe cost and changing employee needs are the top challenges in managing pharmacy benefits

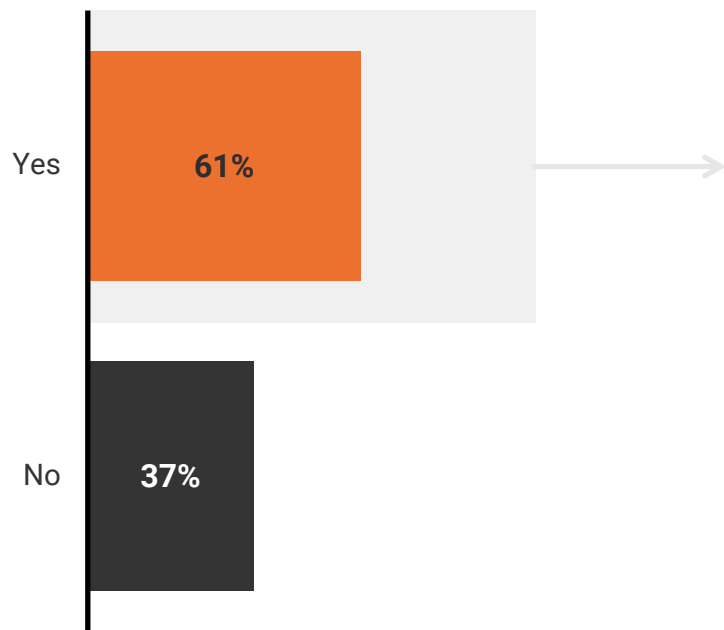
Top Challenges in Managing Employee Pharmacy Benefits (percent)



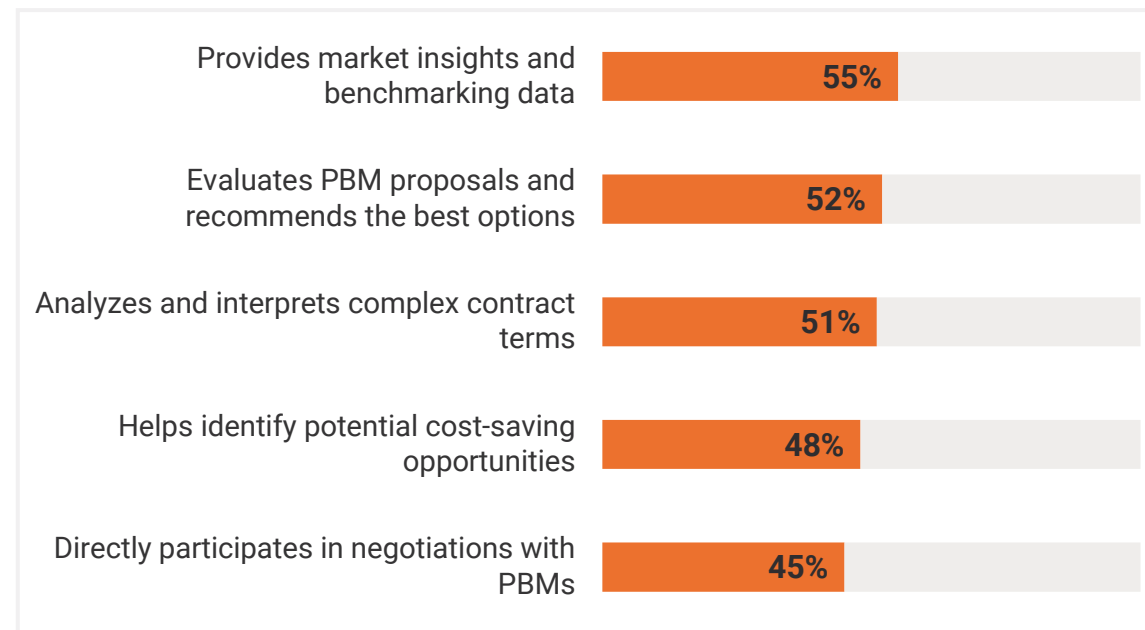
Question: What are your organization's most significant challenges in managing employee pharmacy benefits? Select all that apply. (N=111); Percentages may not add up to 100 due to rounding or skipped questions

More than half of employers use a consultant to help with contract negotiations, mainly to provide market insights and benchmarking data

Use of Consultant/Advisor for PBM Contract Negotiations (percent)



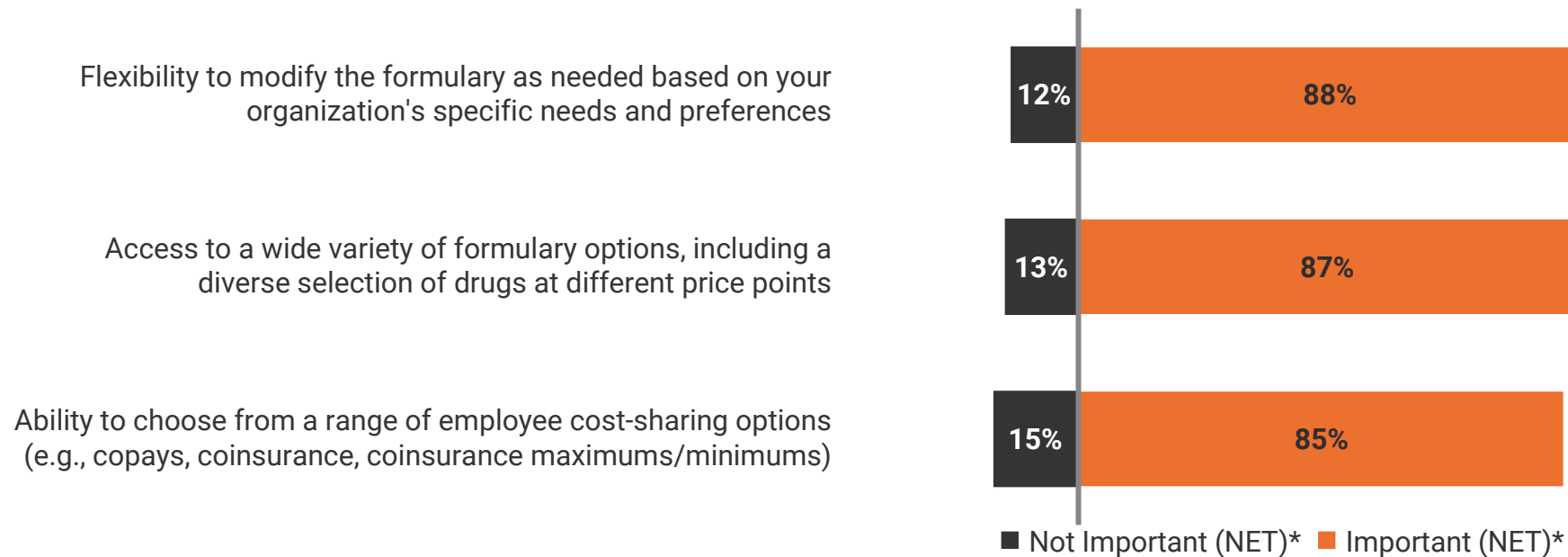
Areas of Consultant/Advisor Involvement in PBM Contract Negotiations (percent)



Questions: Do you use a consultant or advisor to help with PBM contract negotiations? (N=691); How does your consultant or advisor assist with PBM contract negotiations? Select all that apply. (N=422); Percentages may not add up to 100 due to rounding or skipped questions

When partnering with a PBM, employers place significant emphasis on plan design features, particularly formulary diversity and flexibility

Importance of Plan Design Features in PBM Partnership Decisions (percent)

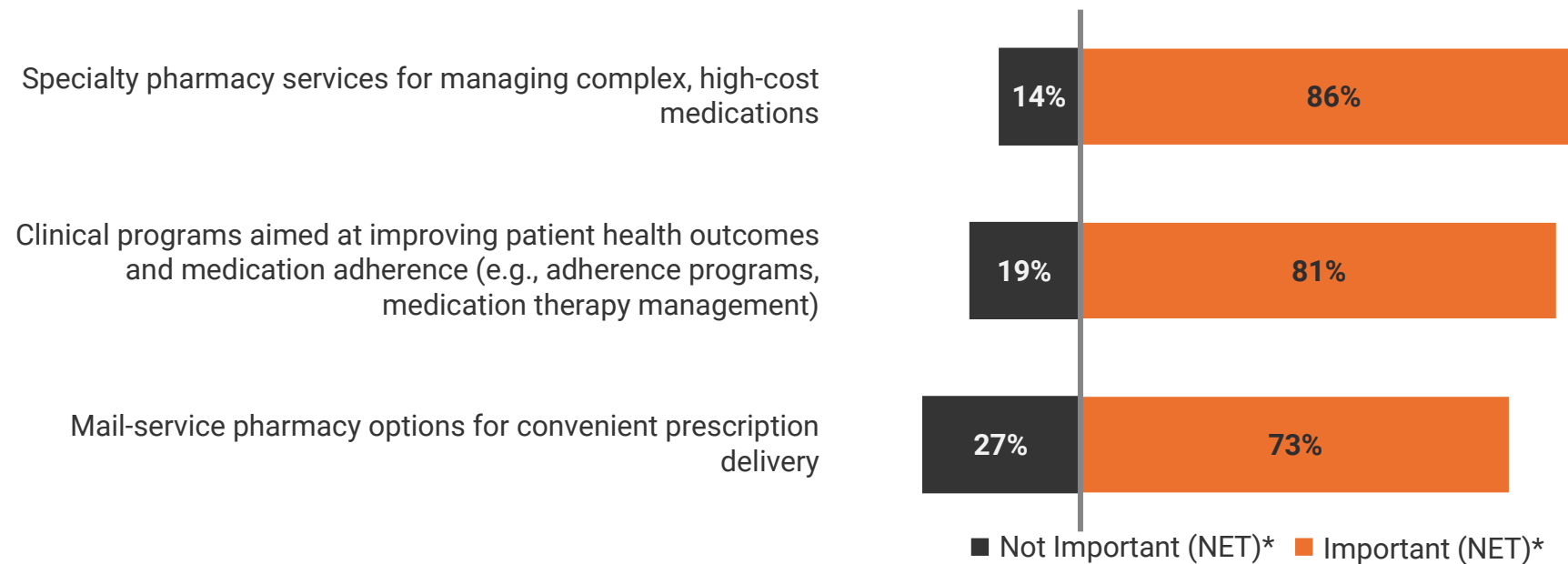


Question: When your organization considers partnering with a PBM, how important are the following plan design features in the decision-making process? (N= 111);

*NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

Specialty and mail-in pharmacy services are priority additional services

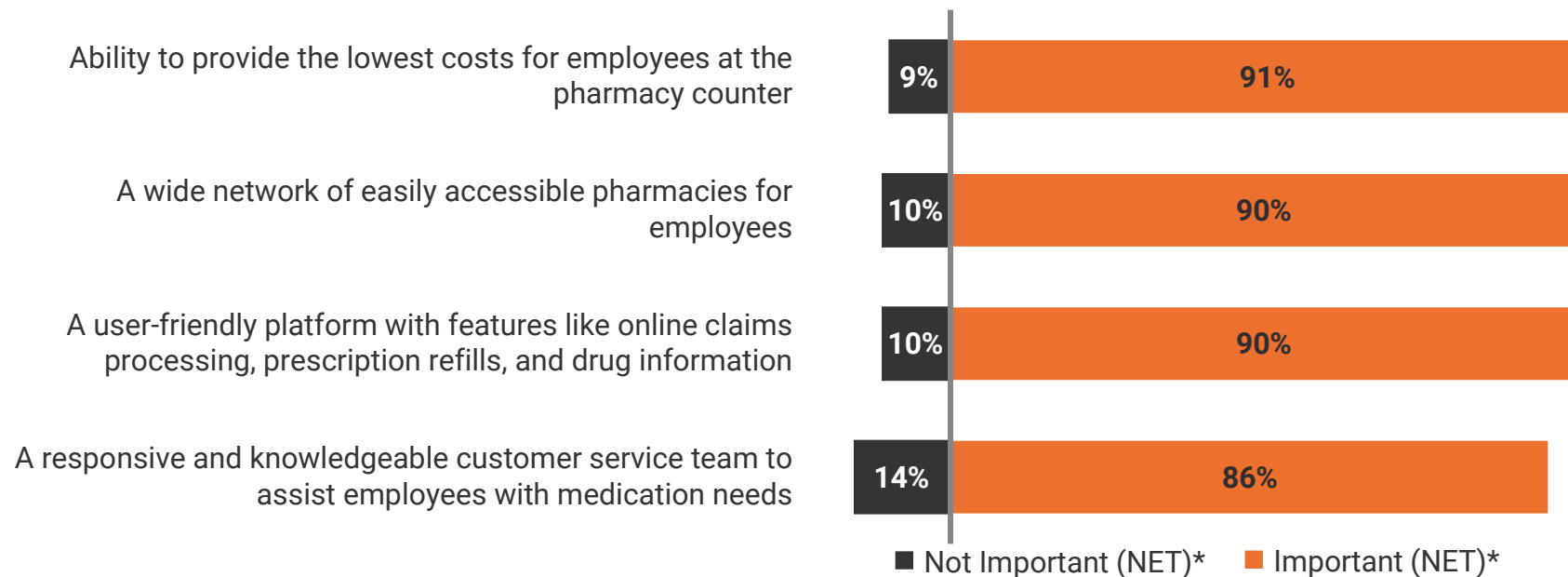
Importance of Additional Services in PBM Partnership Decisions (percent)



Question: When your organization considers partnering with a PBM, how important are the following additional services and offerings in the decision-making process? (N=111)
*NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

For most employers, a PBM's ability to minimize employee costs at the pharmacy counter is the top factor in their PBM selection process

Employer Priorities for PBM Selection Based on Employee Satisfaction Impact (percent)

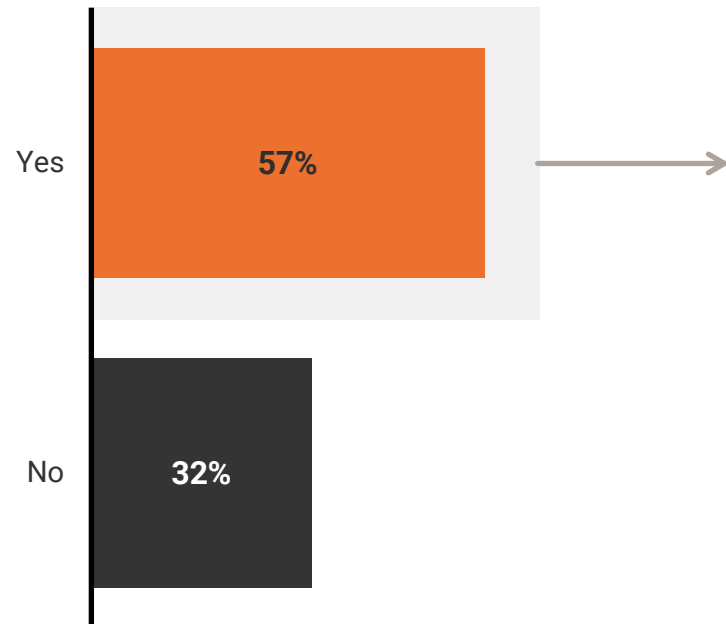


Question: When choosing a PBM, how important are the following factors in your organization's decision-making process, specifically concerning their potential impact on employee satisfaction? (N= 111);
 *NET responses combine related answer categories to show the overall percentage of respondents who share a similar sentiment or response to a question.

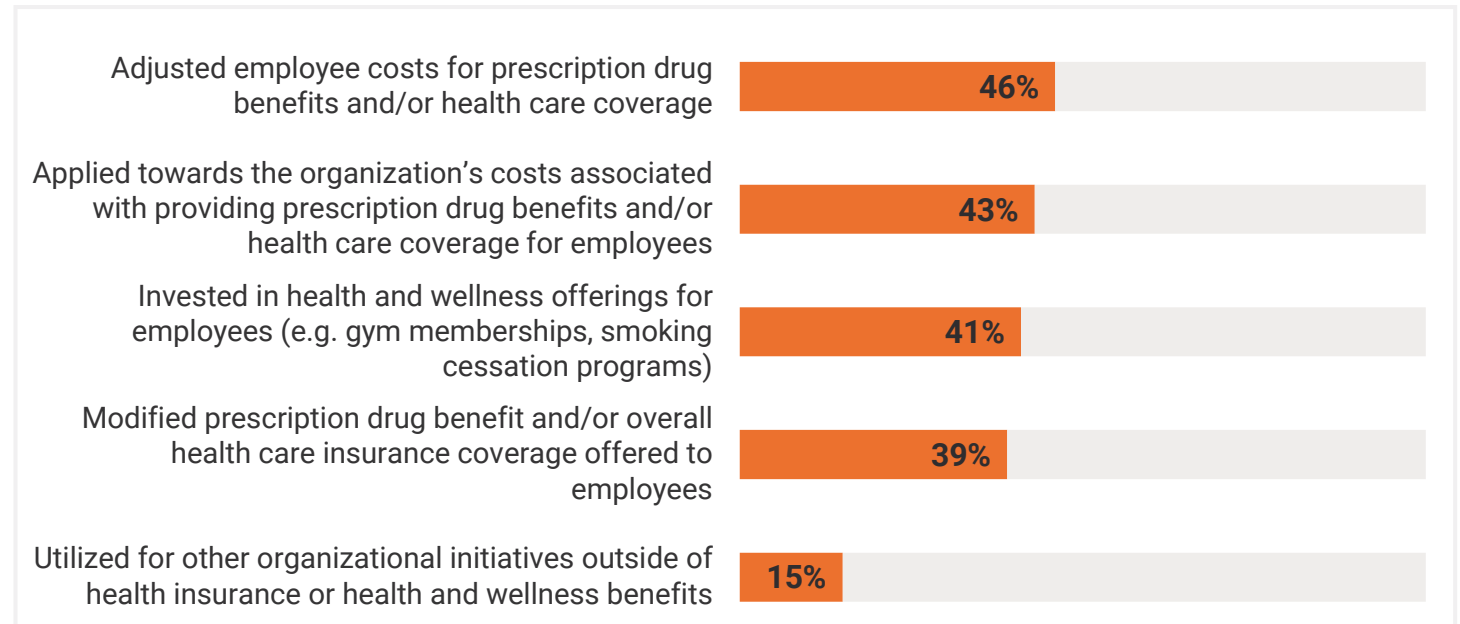
Use of PBM Rebates

Most employers that receive PBM rebates use them to offset expenses associated with prescription drug benefits and health care coverage

Employers Receiving PBM Rebates (percent)



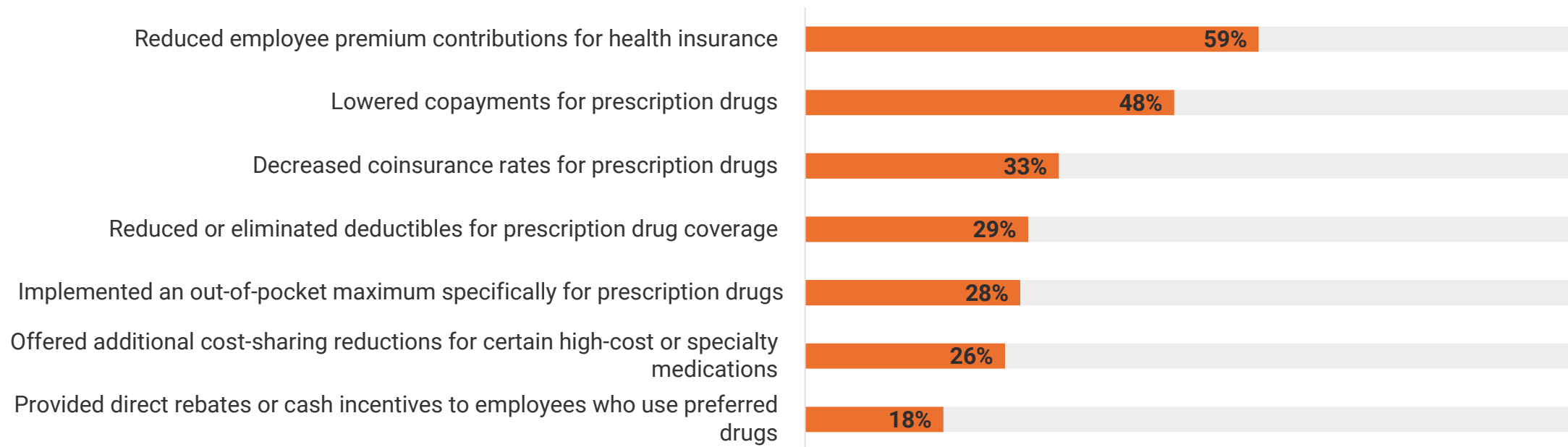
PBM Rebate Allocation Strategies in the Last Plan Year (percent)



Questions: Does your organization receive rebates from its PBM? (N=691); How did your organization allocate the rebates received from its PBM last plan year? Select all that apply. (N=396)
 Percentages may not add up to 100 due to rounding or skipped questions

Nearly half of employers that received rebates used them to implement at least one measure to lower employees' costs for prescription drugs

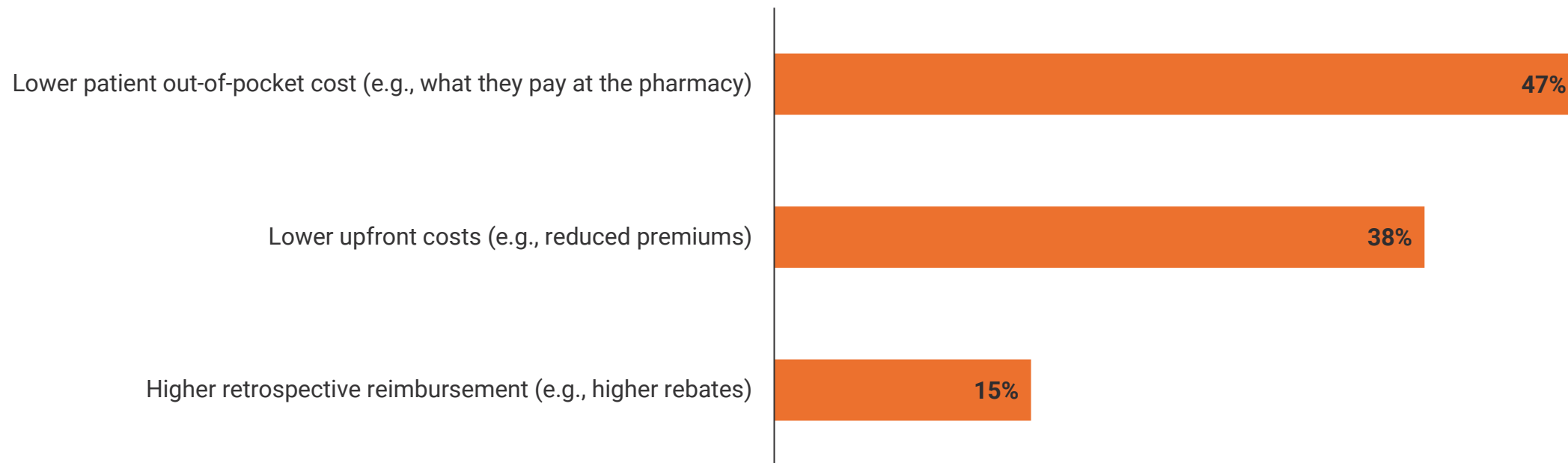
Use of PBM Rebates to Adjust Employee Costs in the Last Plan Year (percent)



Question: How did your organization adjust employee costs using the rebates received from its PBM? Select all that apply. (N=180)
Percentages may not add up to 100 due to rounding or skipped questions

Employers prioritize lowering patient out-of-pocket costs as their preferred method for reducing annual drug benefit expenses

Preferred Arrangements to Reduce Annual Drug Benefit Costs (percent)

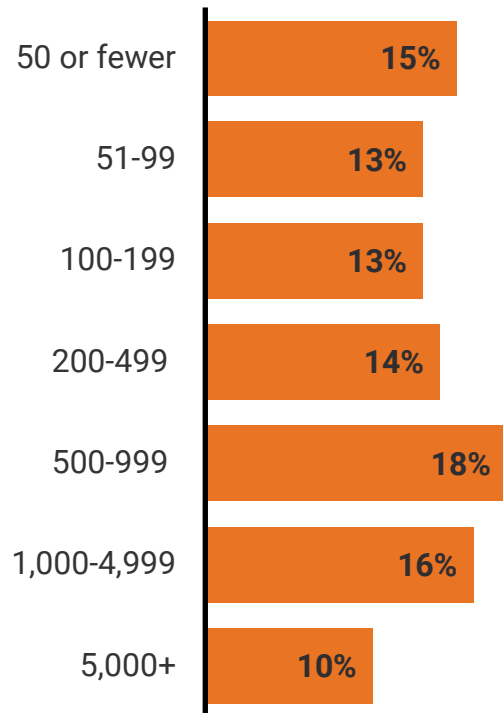


Question: Which of the following arrangements would you prefer to reduce your annual drug benefit costs? (N=691)
Percentages may not add up to 100 due to rounding or skipped questions

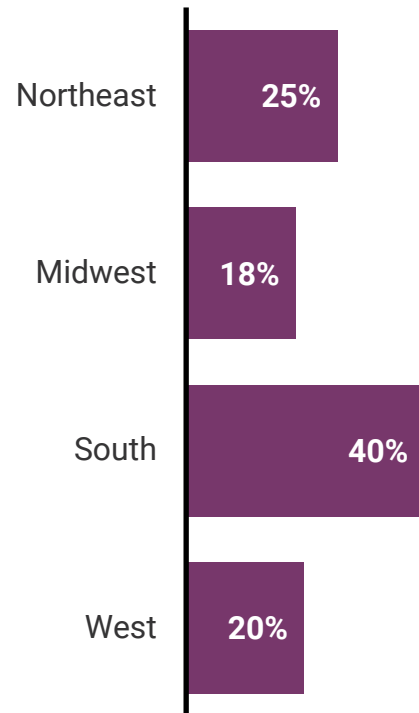
Respondent Demographics

Respondents represented organizations of diverse sizes and locations, with varying approaches to health plan funding and drug benefits

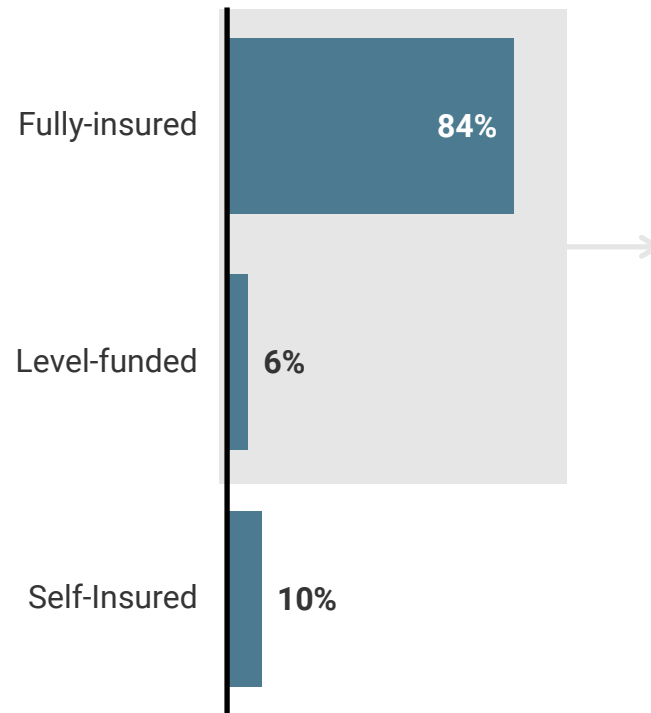
Number of Employees



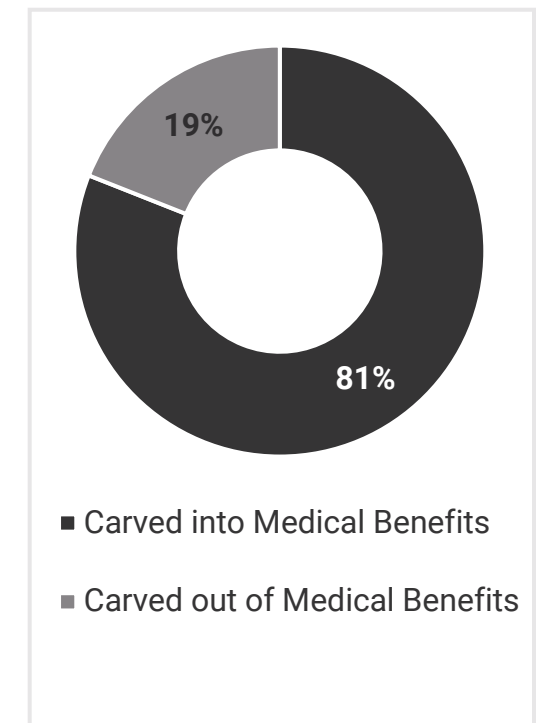
Headquarters Location



Health Plan Funding Model



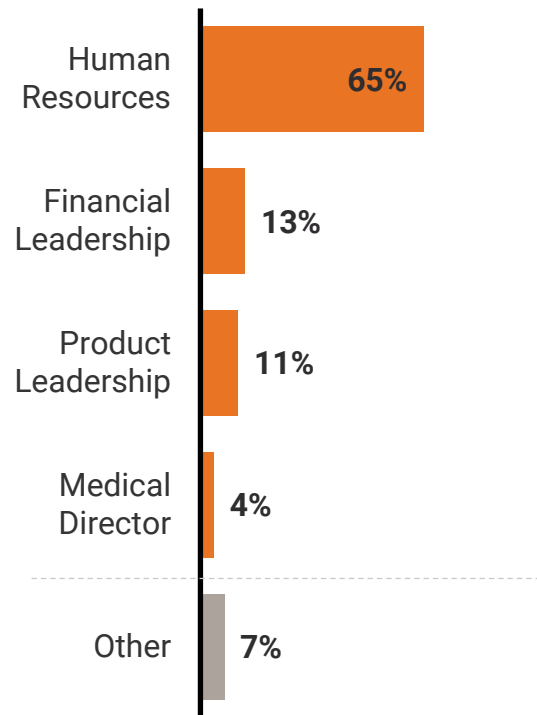
Drug Benefits Arrangement



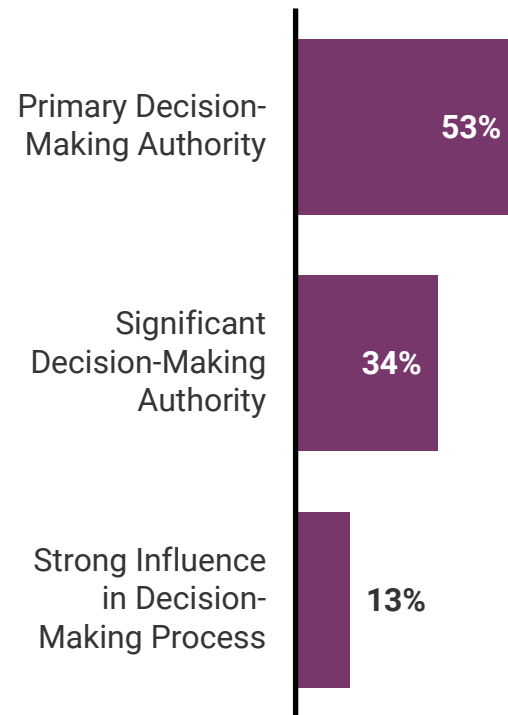
Percentages may not add up to 100 due to rounding or skipped questions

Respondents were primarily HR professionals who have primary decision-making authority for benefit selections

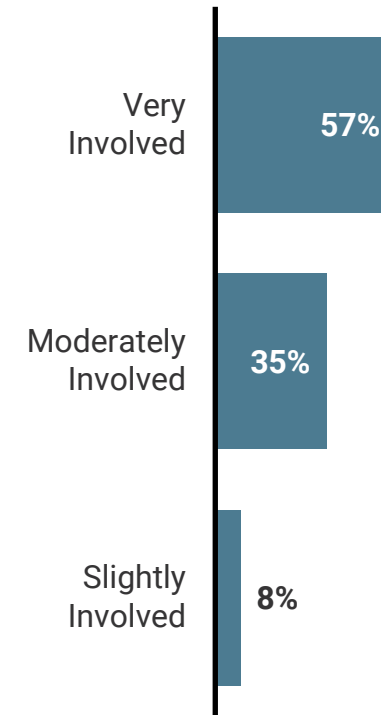
Primary Role within Company



Influence on Benefits Selection



PBM Contract Management



Limitations

The following limitations should be considered when interpreting the study findings

Sample Composition

- As with all convenience samples, the sample is not constructed to be representative and therefore it is difficult to generalize the results to the population as a whole.
- The sample predominantly consists of fully insured/level-funded employers with pharmacy benefits carved into their medical benefits (507/691), which may limit their exposure to certain PBM contracting elements.
 - Employers with pharmacy benefits carved into their medical benefits typically have limited direct PBM interaction, as health insurers manage these relationships. This indirect relationship may affect the accuracy of their PBM experiences and perceptions.
- The sample has an underrepresentation of fully insured/level-funded employers with carved-out pharmacy benefits (116/691) and self-insured employers (68/691).

Response Context

- Survey responses rely on employer recall and subjective perspectives, which can introduce response bias. It is important to consider survey responses contextually and as a directional indication of sentiments, not as an absolute measure of performance.



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