BENECON

Self-Funding *MasterClass*

MasterClass Series

Rx Risk: Pharmacy's Fast Growing Influence on Self-Funding

© 2026 The Benecon Group, LLC – All rights reserved

The following contains information related to the unique group purchasing approach of The Benecon Group. This cooperative model consists of risk sharing models and mathematical formulas that Benecon considers proprietary intellectual property. By reviewing this presentation, it is understood that the holder of this information shall keep all ideas and concepts in strict confidence. Without the prior written consent of The Benecon Group, no one shall copy, reproduce or disclose in any manner any of the contents in this presentation to any third parties.

BENECON

Self-Funding *MasterClass*

K. Nick Miller, PharmD, CPBS

Senior Director, Pharmacy Services

Welcome

Thank you for investing your time in the Self-Funding MasterClass.

The demand of Rx continues to climb & it's more than the price tag. Strategies to find balance are paramount to self-funding.

Let's *rise* to understand.

BENECON

Self-Funding MasterClass

Today's Learning Objectives

Identify the major pharmacy cost drivers

Understand where traditional Pharmacy Benefit Management falls short

Match problems to targeted strategies

Ask quality discovery questions with clients

BENECON

Self-Funding MasterClass

Why Pharmacy Matters Now More Than Ever

Pharmacy is the fastest-growing component of healthcare spend.

- Trend drivers have shifted from **traditional brands → specialty + high volume non-specialty brands**
- 2025–2026 Rx Trend Range: **8%–14% overall**
- GLP-1s for weight loss alone can add upwards of **10% to total pharmacy trend**

This is no longer a "manage at the margin" category.

Pharmacy is now a primary financial risk driver.

BENECON

Self-Funding MasterClass

How Do Rising Drug Costs Impact Renewals?

Aggregate Spend

- Utilization continues to increase, driven by non-specialty medication volume
    - GLP-1 RAs are a key contributor
- Pharmacy costs can be up to 30% of the overall healthcare spend.
    - Predominantly specialty drug utilization (50%+ of Rx spend)
- **Reducing waste is key to mitigating risk**

High-Cost Claimants

- Medical specialty infusions are a key factor
    - Oncology and Immunotherapy
- Gene & cell therapies are on the rise
    - Innovation for rare diseases are important, but costly – high severity, low frequency
- Several oral and self-administered injectables exceed $200k per year in spend

BENECON

Self-Funding MasterClass

Pharmacy Spend Across Various Categories

Each cost driver behaves differently – and needs a different response

BENECON

Self-Funding MasterClass

Three Major Payment Channels

The key to diagnosing the opportunity for cost containment

Retail/Mail Order	Specialty Pharmacy	Medical Benefit
• High frequency	• Low frequency	• J-codes / infusions
• Member/Consumer driven	• High severity	• Site-of-care variability
• Common chronic conditions	• Complex clinical conditions	• Often less visible

Increasing unit-cost, risk & complexity

BENECON

Self-Funding MasterClass

What PBMs Are Built For

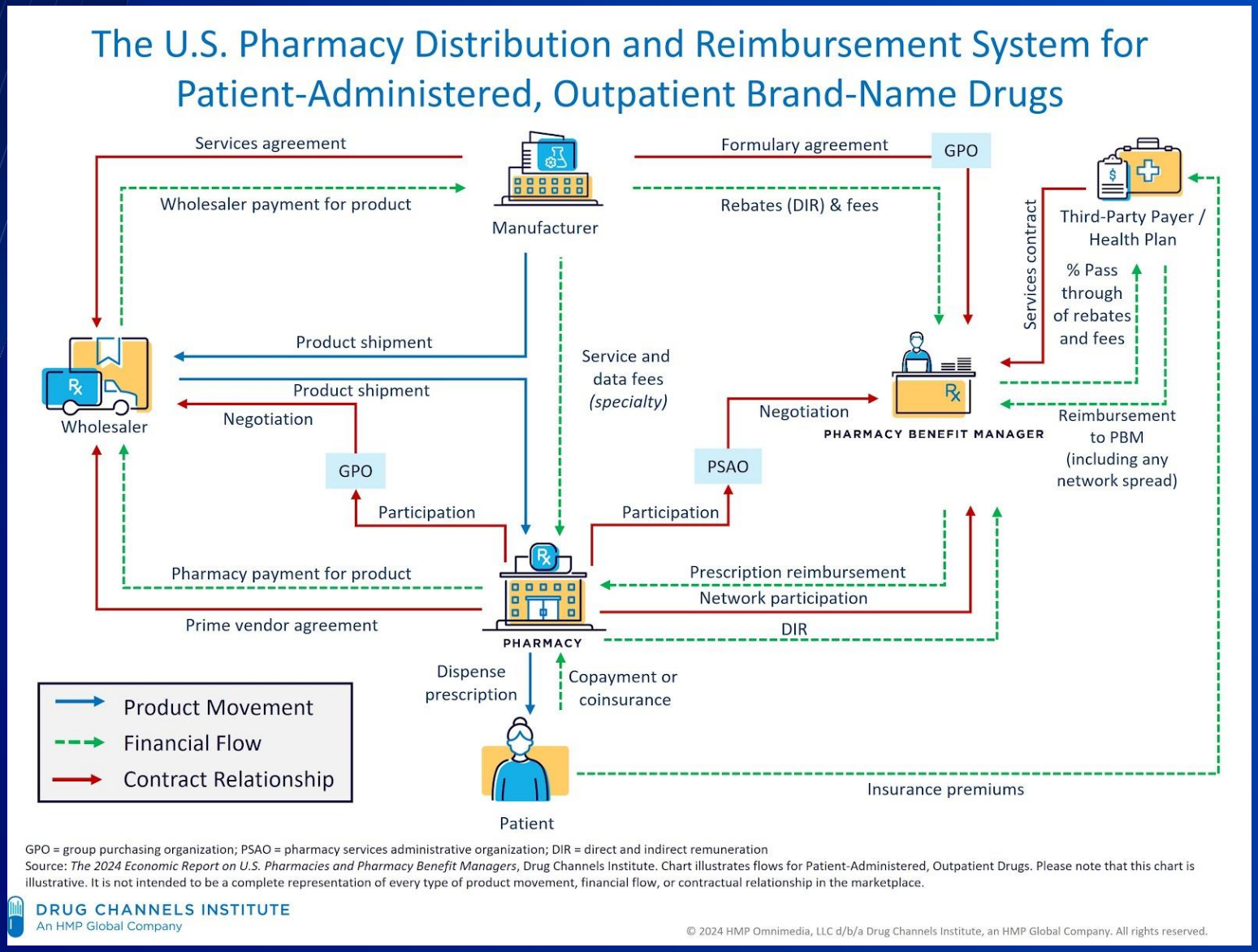
- Claims Processing
- Retail Network Access
- Formulary Management
- Utilization Controls
- Rebate Contracting/Aggregation
- Specialty Pharmacy Pathways

Optimize the PBM foundation first, then look for targeted overlays where the foundation is not enough.

Traditional PBM Blind Spots

- Medical Specialty
- Site-of-Care Decisions
- One-off Catastrophic Claims
- Medication Effectiveness
- Member Access & Adherence

The consultant's opportunity is to ***identify the blind spot***, then ***recommend the right intervention***.



Employer visibility often begins near the end of the chain – after cost has already been established & settled.

BENECON

Self-Funding MasterClass

PBM Management to Targeted Intervention

Benefit Foundation

Formulary Management
Pharmacy Network
Utilization Controls
PBM Contract Integrity

→

Strategic Overlays

Medical Infusion Site of Care
Alternative Sourcing
Pharmacogenetics
Weight Management
Plan Enrollment Optimization

→

Measured Impact

Net Spend
Risk Reduction
Member Experience
Engagement

BENECON

Self-Funding MasterClass

High Impact Change – Formulary Design

A core plan design lever that you can pull

OPEN

- Most flexibility for patient and physician choice
- No excluded drugs – just copay differentials
- Can layer on Utilization Management (UM) programs to tighten control

Less "Disruption" = Higher Cost

CLOSED

- Drug exclusions in therapeutic categories with several viable treatment options
- Can layer on Utilization Management programs
- Caution with strategy: high rebate or low net cost

More Plan Design Control = Lower Cost

Every medication approved by the FDA does not need to be covered by the benefit. There are *highly effective, lower cost options* for most drug classes available.

BENECON

Self-Funding MasterClass

Pharmacy Opportunity Decision Tree

If you see…	Ask…	Consider…
Rising specialty trend	Which drugs and members drive it?	Alternative sourcing model
Infusion / J-code claims	Where is care delivered?	Medical infusion site of care program
Catastrophic claims	Is this one-time, or ongoing/chronic therapy?	Plan enrollment optimizer
High utilization of non-preferred drugs	Does the formulary have meaningful cost share differentials and/or exclusions?	Formulary restriction or alternative sourcing model
GLP-1 demand	What clinical guardrails exist?	Weight loss exclusion or clinical support program

Questions You Should Be Asking

- What percentage of pharmacy spend are related to specialty drugs?
- What drug categories are driving trend?
- Is the PBM *contract fair & aligned* with the client?
- Are savings measured based on gross cost, net cost, or total cost of care?
  - How are rebates aggregated and reported?
- How is care coordinated with other parts of the benefit (Medical, Rx, overlays, Pharmacy carve-out)?
- Can I be notified of approved high-cost drugs in real-time?

Managing Rx Spending While Protecting Access

Cost Control	Clinical Appropriateness	Member Access

Control Avoidable Cost

- Optimize site of care
- Review specialty alternatives
- Measure net cost, not just rebates
- Use targeted interventions

Support Better Use

- Establish clear coverage criteria
- Pair GLP-1 coverage with clinical expectations
- Address medication failure and duplication in real-time
- Measure outcomes where possible

Preserve Appropriate Access

- Avoid surprise disruption
- Communicate plan rules clearly and stand behind them
- Support affordability where possible
- Escalate exceptions thoughtfully

Consulting North Star: "Can we defend this Rx strategy financially, clinically & from the employee experience perspective?"

Big Takeaways

- The biggest opportunities often come from targeted interventions
- Consultants should diagnose the cost drivers before recommending solutions
- Benecon Cost Containment helps partners identify, deploy & measure strategies that fit the problem

The best pharmacy strategy protects plan performance while balancing member experience.

BENECON

Self-Funding *MasterClass*

Thank you.

K. Nick Miller, PharmD, CPBS

Senior Director, Pharmacy Services

Email: knmiller@benecon.com