

[Removing Waste from Drug Formularyes](#) is a useful guidebook that outlines steps employers can take to reduce wasteful pharmacy spending, and most importantly, [lists 25 wasteful drugs and their clinical alternatives](#). These 25 drugs represent a very small sample of the universe of wasteful drugs and is supplied to illustrate the opportunity. In order to justify any of these drugs on a formulary, they would have to have a 90-99% rebate/discount! If your PBM tells you that these are big rebate drugs (they are), ask them to show you where you're getting a 90-99% rebate/discount on these drugs. *Trust and verify*.

The exact list of wasteful drugs WITH NDC codes in the guidebook will make it EASY for PBMs or consultants to run a report. Employers have a right and responsibility to get these drugs off of their formularies and drug spends. *Don't take no for an answer*. High plan costs mean higher premiums for beneficiaries. High cost drugs also mean high cost share, although the designated cost share is likely being generously paid via coupons supplied by the very manufacturer putting these high-priced me-too drugs, combo drugs, OTC equivalents and brands into the market.

We suggest PBMs or consultants supply employers with the following report. If they are hesitant to provide this information in a verifiable way, employers should do business with vendors who will. Feel free to share this information with them, as well as more information on the study that produced this evidence (found [here](#)). They are welcome to call PBGH for discussion.

Wasteful Drug		AWP(1)	# Scripts past 6 months(3)	Total spend past 6 months (before rebates/ discounts)	Clinical Alternative (as identified by JHU clinicians)	AWP(2)	Savings at 50% switch	Savings at 75% switch	Rebate (and discount) necessary to justify use of wasteful drug	Rebate returned to purchaser verified
(Excluding coverage by excluding drug from formulary will approach a 100% switch rate)										
	From guidebook	From guidebook or current AWP supplied by vendor		= # Scripts(3) * AWP(1)	From guidebook	From guidebook or current AWP supplied by vendor	=((AWP(1)-AWP(2)) * # Scripts(3)) * .5	=((AWP(1)-AWP(2)) * # Scripts(3)) * .75	=AWP1-AWP2)/AWP(1)	Check here after seeing a line item verification that calculated rebate is returned to self-insured purchaser. A non-disclosed rebate not returned to purchaser is not a discount, it's a kickback.
Example	Gleevec	\$ 112.37	100	\$ 11,237.00	Generic Imatinib	\$ 4.09	\$ 5,414.00	\$ 8,121.00	96%	

\**Removing Waste from Drug Formularyes* was produced in partnership with the Pacific Business Group on Health (PBGH), doctors and pharmacists from Johns Hopkins University, and clinical consultants from Integrity Pharmaceutical Advisors (IPA)