Pharmacy Benefit Management

Background

Historically, a pharmacy benefit manager (PBM) is a third-party administrator of prescription drug programs. PBMs are primarily responsible for developing and maintaining the formulary, contracting with pharmacies, negotiating discounts and rebates with drug manufacturers, and processing and paying prescription drug claims. For the most part, they work with self-insured companies and government programs striving to maintain or reduce the pharmacy expenditures of the plan while concurrently trying to improve health care outcomes.

Today, PBMs also offer programs that provide value and flexibility to participants to help control prescription costs. Some of these areas include information about tablet splitting, lower-cost therapeutic alternatives, tiered trial of specific medications in a therapeutic class, evaluating clinical programs for large populations, medication therapy management programs, and mail order service.

PBM companies can be very diverse, ranging from small to large in size. Pharmacists who are employed as PBMs spend 17% of their time on personnel management followed by 16% on business/department management. Thirteen percent of their time is spent on health professional consulting/advising and 12% on both data management and project management. The remainder of their time is divided among a variety of areas.

A Maryland respondent liked “working on clinical programs that impact large populations.” Another respondent from New Jersey echoed this sentiment when stating that the work includes “developing safety programs for large populations.”

A PBM pharmacist from New York wrote that there is “respect for knowledge [that we have] from other professions.”

Characteristics

Thirty-one pharmacists responded to the 2007 APhA Career Pathway Evaluation Program survey. Among the respondents, 91% had earned an entry-level pharmacy degree, with 52% having earned the PharmD degree. Twenty-two percent had earned an advanced degree (MS or MBA). Twenty-six percent had completed a residency, 10% had completed a fellowship, 10% had earned a certificate, and 3% had taken other training.

The mean age of respondents was 41 years old. Sixty-one percent were male. Almost three fourths (71%) identified themselves as being in management.

Only 4% of these pharmacists reported that they earn between $80,000–$100,000. The remaining 96% reported annual income in excess of $100,000 with 18% indicating they earn $170,000 or more. PBM pharmacists work an average of 46 hours per week. Respondents represented 19 states.

Seventy-seven percent reported that they are “extremely satisfied” in their positions with
16% indicating they are “somewhat satisfied.” Similarly, 65% report being “extremely challenged” with their work and 29% report being “somewhat challenged.”

**Insider's Perspective**

**What aspects of the job are most appealing?**
Thirteen percent of the respondents indicated that the diversity and variability were the most appealing aspect of their work. In addition, 10% of the respondents listed three specific areas as appealing: flexibility, hours, and management roles.

An Ohio respondent stated enjoyment in the “variety of job duties.” Respondents from Georgia and Texas gave one word replies: “flexibility.”

Finally a PBM pharmacist from Iowa stated that the “good working hours” are appealing.

**What aspects of the job are least appealing?**
Of interest is the contrasting response among PBM pharmacists concerning work schedule. Hours, while listed as an appealing aspect for some, was the highest listed least appealing aspect for 13% of other respondents. This was followed by two areas that were each listed by 10% of the respondents: indirect patient care and politics.

A respondent from Wisconsin stated concern about “long hours.” While a Connecticut pharmacist listed a least appealing aspect stating, “There is no direct contact with patients, but there certainly is patient impact.” This was reinforced by a pharmacist from Washington who indicated the “lack of patient/provider contact” as a concern.

**What advice should students or practitioners consider when selecting the option of working in pharmacy benefit management?**
Sixteen percent of the respondents indicated that someone considering a career as a PBM pharmacist should have an understanding of economic principles and pharmacoeconomics. A pharmacist from Pennsylvania stated that colleagues interested in PBM “must have a strong interest in pharmacoeconomics and understanding of business practices.”

Additionally, many indicated the importance of not having an uninformed bias about the role that PBMs play in cost control because the work is much broader than this area.
Critical Factor Ratings

Interaction With Patients
Respondents rated this factor in the low range at 3.2. Not having interactions with patients was rated by PBM pharmacists as one of the least appealing aspects of the work.

\[
\begin{align*}
\text{\(= 3.2\)} & \\
\sigma & = 2.4
\end{align*}
\]

Conducting Physical Assessments
As noted in the above factor, respondents have little contact with patients, which corresponds with little to no opportunity for conducting physical assessments. Conducting physical assessments was rated as the lowest factor in this profile.

\[
\begin{align*}
\text{\(= 1.2\)} & \\
\sigma & = 1.0
\end{align*}
\]

Interpreting Laboratory Values
Similar to the above factor, PBM pharmacists have little opportunity to interpret laboratory values.

\[
\begin{align*}
\text{\(= 1.9\)} & \\
\sigma & = 1.1
\end{align*}
\]

Continuity of Relationships
PBM pharmacists tend toward a limited amount of ongoing relationships. While these pharmacists may not work directly with patients, they are under contract with companies so there is opportunity for some long-term relationships with staff.

\[
\begin{align*}
\text{\(= 5.0\)} & \\
\sigma & = 4.2
\end{align*}
\]
Helping People
PBM pharmacists see more of an indirect effect on helping people through the guidelines and policies that they create.

\[ \begin{array}{cccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{All effect is indirect} & & & & & & & & & \text{All effect is direct}
\end{array} \]

Collaboration With Other Professionals
Communication with physicians is often limited to new prescription orders by telephone. Often both the pharmacist and the physician’s office are engaged in discussions regarding the formulary and/or treatment protocols that are established by the PBM company.

\[ \begin{array}{cccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{None of my time} & & & & & & & & & \text{All of my time}
\end{array} \]

Educating Other Professionals
Typically, PBM pharmacists engage in educating other professionals when they provide information about the services provided by the pharmacy. Some pharmacies choose to educate physicians, nurses, and other related staff about the reasons for the protocols in place for specific therapeutic areas.

\[ \begin{array}{cccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{None of my time} & & & & & & & & & \text{All of my time}
\end{array} \]

Variety of Daily Activities
As mentioned earlier, respondents are involved in a number of different roles. The challenges often arise in resolving therapy and other prescription-related issues.

\[ \begin{array}{cccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{Highly repetitive} & & & & & & & & & \text{Highly variable}
\end{array} \]

Multiple Task Handling
The nature of their work requires PBM pharmacists to work on multiple tasks at one time. Respondents rated this factor in the upper mid-range at 7.1.

\[ \begin{array}{cccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{Always one activity at a time} & & & & & & & & & \text{Always several tasks at a time}
\end{array} \]
Problem Solving
The problems facing PBM pharmacists are complex in many situations taking into account the large patient populations for which they are responsible. With a rating of 6.0, respondents indicated that they tend toward using untested alternatives to solve problems, but also use tried-and-true solutions.

Focus of Expertise
Respondents rated this factor exactly mid-range, indicating that they use both a generalized and specialized knowledge base.

Innovative Thinking
In response to the question, “To what extent does your practice involve generating new ideas (innovative thinking) pertaining to pharmacy?” PBM pharmacists rated the factor at 7.2, indicating that their practice tends to require innovative thinking.

Applying Scientific Knowledge
Applying scientific knowledge received a mid-range rating of 6.4. The application of scientific knowledge is applied in different ways, looking at the pharmacoeconomics and therapeutic outcomes at the same time.
Applying Medical Knowledge
Applying medical knowledge received a higher rating at 7.1. Considering the nature of the work that PBM pharmacists perform, it is understandable that they apply more medical versus scientific knowledge.

\[
\begin{align*}
\text{None of my time} & \quad 1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \quad \text{All of my time} \\
\end{align*}
\]

Creating New Knowledge by Conducting Research
PBM pharmacy is a setting designed mostly for the application of learned knowledge. There are some opportunities to conduct research in this field, especially looking at the economic indications of changes in plan coverage, tiered co-pays, and other program enhancements.

\[
\begin{align*}
\text{None of my time} & \quad 1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \quad \text{All of my time} \\
\end{align*}
\]

Management/Supervision of Others
PBM pharmacists rated this factor in the mid-range at 5.6, indicating that they spend some time supervising others. In particular, this is the area that respondents indicated as requiring the most time.

\[
\begin{align*}
\text{None of my time} & \quad 1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \quad \text{All of my time} \\
\end{align*}
\]

Management/Supervision of a Business
Respondents rated the factor in the mid-range with a 6.2, indicating that they tend to spend a good amount of time in business management. It is of interest to note that when asked about the percentage of time spent on specific areas each day, this factor was slightly lower compared with supervision of others but received a higher overall factor rating.

\[
\begin{align*}
\text{None of my time} & \quad 1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \quad \text{All of my time} \\
\end{align*}
\]
Pressure/Stress
Although some of the respondents indicated in the open question fields that there was low stress in their work, as a group these pharmacists rated this factor in the mid-range.

\[
\begin{array}{cccccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{Never experience pressure/stress} & \text{Always experience pressure/stress}
\end{array}
\]

\[= 6.3 \quad \sigma = 2.7\]

Work Schedule
Respondents indicated that they tended toward a regular/predictable schedule. This is of interest considering that they were split on the hours they worked. Some indicated that this was the most appealing aspect while others indicated that this was the least appealing aspect of their position.

\[
\begin{array}{cccccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{Irregular/unpredictable} & \text{Regular/predictable}
\end{array}
\]

\[= 6.7 \quad \sigma = 2.7\]

Part-Time Opportunities
Respondents indicated that there are limited opportunities for part-time work in the field.

\[
\begin{array}{cccccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{No opportunity for part-time employment} & \text{Always opportunities for part-time employment}
\end{array}
\]

\[= 3.6 \quad \sigma = 3.0\]

Job-Sharing Opportunities
PBM pharmacists indicated a low range response (3.2) to job-sharing.

\[
\begin{array}{cccccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{No opportunity for job-sharing} & \text{Always opportunities for job-sharing}
\end{array}
\]

\[= 3.2 \quad \sigma = 2.4\]

Exit/Re-entry Opportunities
Exit/re-entry opportunities do exist for PBM pharmacists. The difficulty is being able to re-enter the same position.

\[
\begin{array}{cccccccccccc}
1 & 2 & 3 & 4 & 5 & 6 & 7 & 8 & 9 & 10 \\
\text{No opportunity for exit/re-entry} & \text{Always opportunities for exit/re-entry}
\end{array}
\]

\[= 5.4 \quad \sigma = 3.1\]
Parental Leave Opportunities
This factor was tied for the highest-rated factor in the profile at 8.5. Many PBM pharmacies are part of larger organizations that offer parental leave as a benefit.

\[ \mu = 8.5 \]
\[ \sigma = 2.4 \]

Leisure/Family Time
Respondents rated this factor at 7.4, indicating that many feel they have time available for leisure activities and family.

\[ \mu = 7.4 \]
\[ \sigma = 2.5 \]

Job Security
With the specialized knowledge necessary and the continued shortage in some areas, PBM pharmacists indicated a high sense of job security.

\[ \mu = 7.9 \]
\[ \sigma = 1.3 \]

Opportunities for Advancement
PBM pharmacists rated this factor in the upper mid-range with respect to opportunities for advancement. Career advancement can often be limited by the size of the organization and the size of the pharmacy. In a larger company, they may have more versatility to choose the corporate ladder approach in their career. A respondent from Pennsylvania indicated that there was “significant opportunity for career advancement.”

\[ \mu = 6.9 \]
\[ \sigma = 2.8 \]
Opportunities for Leadership Development
PBM pharmacists see a similar opportunity for leadership development as they do for advancement.

\[ \mu = 6.9 \]
\[ \sigma = 2.5 \]

Community Prestige
Respondents gave this factor a 5.4 rating. Pharmacists can become well known in their community for helping individuals with health care.

\[ \mu = 5.4 \]
\[ \sigma = 2.4 \]

Professional Involvement
Professional involvement of individual pharmacists is critical to the development of the profession as a whole, and pharmacists need to communicate with each other so that the profession can continue to advance in providing optimum health care for the public. PBM pharmacists rated this factor in the upper mid-range at 7.7.

\[ \mu = 7.7 \]
\[ \sigma = 2.9 \]

Income
Respondents indicated that they tend toward feeling properly compensated for the work they perform.

\[ \mu = 8.1 \]
\[ \sigma = 1.4 \]

Benefits (vacation, health, retirement)
Tied for the highest-rated factor in the profile, respondents rated their benefits at 8.5.

\[ \mu = 8.5 \]
\[ \sigma = 1.4 \]
Geographic Location
Geographic location was rated in the mid-range at 6.5. PBM pharmacists indicated that there is some opportunity to relocate to many places in the United States.

\[ = 6.5 \]
\[ \sigma = 3.4 \]

Autonomy
Autonomy in a PBM organization can depend on the size of the organization and the department in which one is employed.

\[ = 7.2 \]
\[ \sigma = 2.4 \]

Self-Worth
PBM pharmacists are involved indirectly with large populations. This lends itself to a feeling of self-worth, as noted by the 7.4 rating.

\[ = 7.4 \]
\[ \sigma = 2.9 \]

Future Focus
Respondents indicated that they tend toward focusing on the future versus the immediate task at hand. While there are areas where the task is immediate, for the most part these pharmacists are looking at the long-term impact of the policies and projects that they implement.

\[ = 7.2 \]
\[ \sigma = 2.6 \]

Professional Prestige
Professional prestige is related to the earlier rating on collaboration with other professionals. Respondents’ rating of 6.5 indicates that they feel there is professional prestige.

\[ = 6.5 \]
\[ \sigma = 2.9 \]
Unique Practice Environment
PBM pharmacists gave this factor a rating of 7.9, which indicates they feel that their work environment is unique.

= 7.9
σ = 2.2

Advanced Degree
Respondents rated this factor in the mid-range, indicating that advanced degrees are not typically required.

= 4.3
σ = 3.1

Entrepreneurial Opportunity
Respondents indicated that there are entrepreneurial opportunities available in PBM pharmacy.

= 5.0
σ = 3.0

Additional Training
Respondents rated the need for additional training in the upper range at 8.3.

= 8.3
σ = 2.5

Interacting With Colleagues
Respondents rated interaction with colleagues as the third-highest factor in the profile at 8.4.

= 8.4
σ = 1.7
Travel
PBM pharmacists tend to have some travel associated with their day-to-day employment.

\[ \mu = 4.3 \]
\[ \sigma = 2.5 \]

Writing
Respondents were in the upper mid-range regarding writing, rating the factor at 6.1. Reports of projects and logging responses to questions are some of the areas requiring PBM pharmacists to write.

\[ \mu = 6.1 \]
\[ \sigma = 2.5 \]

Working With Teams
Respondents indicated they tended to work in teams, rating the factor at 7.4. This rating may take into account that the staff of some organizations work together and can communicate regularly when needed.

\[ \mu = 7.4 \]
\[ \sigma = 2.3 \]

“On Call”
Respondents indicated a low range “on call” need for their positions with a rating of 2.4.

\[ \mu = 2.4 \]
\[ \sigma = 2.1 \]

Work on Holidays
PBM pharmacists indicated that they are in the low range regarding working on holidays, giving this factor a rating of 2.2.

\[ \mu = 2.2 \]
\[ \sigma = 2.4 \]
**Work on Weekends**
Respondents indicated that they are at the low range regarding working on weekends, rating this factor at 3.2.
\[\mu = 3.2, \sigma = 2.4\]

![Scale for working on weekends]

**Presentations**
PBM pharmacists indicated that they spend time during their workweek giving presentations.
\[\mu = 6.8, \sigma = 2.5\]

![Scale for presentations]
# Mean Scores for Critical Factors

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<th>Score</th>
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Reference


Professional Organizations

American Pharmacists Association (APhA)
1100 15th Street NW, Suite 400, Washington, DC 20005
Tel: 800-237-APhA  Fax: 202-783-2351
www.pharmacist.com

American Society of Health-System Pharmacists (ASHP)
7272 Wisconsin Avenue, Bethesda, MD 20814
Tel: 301-657-3000
www.ashp.org

National Pharmaceutical Association (NPhA)
107 Kilmayne Drive, Suite C, Cary, NC 27511
Tel: 800-944-NPhA  Fax: 919-469-5870
www.npha.net

NOTE: For further pharmacy organization information, please visit the American Association of Colleges of Pharmacy Web site at www.aacp.org and click on the “Related Pharmacy Organizations” link.