Certified Pharmacy Benefit Specialist Practice Exam (Sample)

Study Guide

Everything you need from our exam experts!

Questions

1. Which DAW Code means "other"?

A. 0

B. 1

C. 8

D. 9

2. What type of agreement does a PBM enter into when acting as an insurer?

A. Shared Savings Agreement

B. Fiduciary Agreement

C. Capitated Agreement

D. Fee-for-Service Agreement

3. What is the formula for calculating Earnings After Cash Disbursements (EACD)?

A. AF + DF + IC + MR - Cash Disbursements

B. AF + DF + IC + MR + Cash Disbursements

C. AF - DF + IC + MR - Cash Disbursements

D. AF + DF - IC + MR + Cash Disbursements

4. What do copay coupons allow drug manufacturers to do regarding patient copays?

A. Reduce all patients' copay obligations

B. Bypass insurance efforts on drug pricing

C. Only apply to high-cost drugs

D. Increase the effectiveness of PBMs

5. One of the advantages of integrating medical and pharmacy benefits is optimizing what?

A. Administrative Services

B. Rebates

C. Premium Costs

D. Insurance Coverage

6. How can formulary restrictions affect pharmacy access?

- **A. They increase the number of medications available**
- **B. They limit available medications, requiring prior authorization**
- **C. They have no effect on pharmacy access**
- **D. They simplify the medication selection process**

7. Which of the following is NOT typically included in Pharmacy Benefit Manager clinical services?

- **A. Benefit Administration**
- **B. Claims adjudication**
- **C. Drug Distribution**
- **D. Utilization Management**

8. What is a common element found in rebate contracts between manufacturers and PBMs?

- **A. Guaranteed profits for PBMs**
- **B. Percentage of sales to patients**
- **C. Payments based on the volume of branded drug sales**
- **D. Fixed fees for all drugs**

9. What is one primary goal of patient-centered care in pharmacy practice?

- **A. To limit patient engagement in treatment discussions**
- **B. To prioritize customers' prescription purchases**
- **C. To create a collaborative approach to medication management**
- **D. To ensure maximum profit margins for pharmacies**

10. What is a key factor in the financial success of Pharmacy Benefit Managers?

- **A. Fixed pricing**
- **B. Costs associated with prescription administration**
- **C. Rebates, admin fees, and ingredients**
- **D. Government regulations**

Answers

1. D
2. C
3. A
4. B
5. B
6. B
7. C
8. C
9. C
10. C

Explanations

1. Which DAW Code means "other"?

A. 0

B. 1

C. 8

D. 9

The DAW code that indicates "other" is specifically coded as 9. This code is used in pharmacy billing to signify that the prescriber has authorized a substitution or that the situation is not adequately captured by the other defined codes from 0 to 8. DAW codes are essential in communicating the prescriber's intent regarding medication dispensing. The use of the code 9 allows pharmacists and insurers to understand that there is an alternative reason for the decision made about the medication, but it does not fit into the predefined categories such as no substitution or brand mandated by the prescriber, which is what the other codes represent. For instance, if a patient requests a specific brand of medication due to personal preference or past experiences, and there isn't a clear option in the standard DAW codes to capture that scenario, the pharmacy would use DAW code 9 to signify this unique circumstance. This flexibility allows for a more comprehensive record of the dispensing rationale and aids in the effective processing of insurance claims.

2. What type of agreement does a PBM enter into when acting as an insurer?

A. Shared Savings Agreement

B. Fiduciary Agreement

C. Capitated Agreement

D. Fee-for-Service Agreement

A capitated agreement is a contract in which a Pharmacy Benefit Manager (PBM) receives a fixed amount of money per member per month (PMPM) to manage all of the pharmacy benefits for that member. This type of agreement allows the PBM to have financial predictability while incentivizing them to manage drug costs effectively. The fixed payment covers the cost of pharmaceuticals and associated services, which means that the PBM must find ways to deliver care efficiently within the budget established by the capitation fee. In the context of PBMs acting as an insurer, a capitated agreement aligns their financial incentives with the overall goal of controlling costs. If the costs of the medications prescribed or the total pharmacy utilization exceed the capitated payment, the PBM takes on the risk. Conversely, if they manage to control utilization and costs effectively, they can keep the excess funds, promoting the practice of efficient healthcare management. While the other types of agreements mentioned have specific applications and contexts, they do not accurately represent the scenario where a PBM operates in an insurer-like capacity. Shared savings agreements often relate to collaborative cost-saving initiatives rather than fixed payments. Fiduciary agreements pertain to trust and responsibility for managing another party's assets but do not define a payment structure

3. What is the formula for calculating Earnings After Cash Disbursements (EACD)?

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B. AF + DF + IC + MR + Cash Disbursements

C. AF - DF + IC + MR - Cash Disbursements

D. AF + DF - IC + MR + Cash Disbursements

Earnings After Cash Disbursements (EACD) is calculated by taking into account various financial components. The formula includes the allocation of assets and liabilities, represented by AF (Asset Funds), DF (Debt Funds), IC (Investment Capital), and MR (Net Revenue), and then adjusting for the cash disbursements made during the period. The correct formula starts with adding the relevant financial components together—this aggregation reflects the total income or assets before considering the cash that has been expended. After these factors are summed up, it is crucial to deduct the cash disbursements. This deduction reveals what remains after those expenditures, which is essential for understanding true earnings. The formula captures the essence of determining net earnings after accounting for necessary cash outflows, which is significant for financial reporting and analysis. Therefore, the choice that incorporates the correct arithmetic operation—adding the relevant components and then subtracting cash disbursements—authenticates it as the appropriate method to compute EACD.

4. What do copay coupons allow drug manufacturers to do regarding patient copays?

A. Reduce all patients' copay obligations

B. Bypass insurance efforts on drug pricing

C. Only apply to high-cost drugs

D. Increase the effectiveness of PBMs

Copay coupons are strategies employed by drug manufacturers to assist patients in paying for their medications. They help to lower the out-of-pocket costs that patients face for specific brand-name drugs. When patients use copay coupons, the manufacturer directly contributes to covering a portion of the copay, effectively allowing them to bypass some of the traditional mechanisms of insurance that can limit access to these medications. By providing these coupons, manufacturers can ensure that their drugs remain more affordable for patients despite the complexities of insurance pricing and potential higher costs associated with the medications. This usage does not universally reduce all patients' copay obligations, as they are contingent upon specific drugs and insurance plans. Similarly, copay coupons are not exclusively aimed at high-cost drugs, as they can be applied to a range of medications regardless of their overall cost. Lastly, while copay coupons may have implications for pharmacy benefit managers (PBMs) and their negotiation processes, they primarily serve to lower patient expenditures directly and do not function to enhance the effectiveness of PBMs.

5. One of the advantages of integrating medical and pharmacy benefits is optimizing what?

A. Administrative Services

B. Rebates

C. Premium Costs

D. Insurance Coverage

Integrating medical and pharmacy benefits primarily aims to optimize rebates. When a health plan coordinates both medical and pharmacy benefits, it enables more streamlined management of drug utilization and can lead to better negotiation power with pharmaceutical companies. This integration allows insurers to leverage purchasing contracts more effectively, potentially qualifying for rebates based on their overall pharmaceutical spend. By consolidating data and understanding the mutual impacts of medical treatments and medication therapy on patient outcomes, health plans can implement strategies that ensure the most cost-effective medications are prescribed. This may lead to improved adherence to therapy, reduced overall costs, and enhanced value in the medications dispensed, all of which feed back into better rebates and financial arrangements from drug manufacturers. In contrast, while administrative services, premium costs, and insurance coverage are also important aspects of health plan management, they do not capture the specific advantage associated with rebate optimization in the same manner. Administrative services may benefit from integration, but they are a secondary consideration in the context of rebates. Similarly, premium costs and insurance coverage could be influenced by integration but do not directly tie into the optimization objective as it relates to rebates.

6. How can formulary restrictions affect pharmacy access?

A. They increase the number of medications available

B. They limit available medications, requiring prior authorization

C. They have no effect on pharmacy access

D. They simplify the medication selection process

Formulary restrictions play a significant role in managing pharmacy access to medications. When a formulary is established by a health plan or pharmacy benefit manager, it usually includes a specific list of drugs that are approved for coverage. This means that not all medications are automatically available to patients. The correct answer indicates that formulary restrictions limit the available medications. This limitation often necessitates that providers obtain prior authorization for certain drugs that are not on the formulary or that may be deemed non-preferred. This process can create additional hurdles for patients seeking access to medications, as it requires extra steps for approval before they can obtain their prescribed treatments. It serves to manage costs and ensure that therapies adhere to specific guidelines or criteria. The other responses do not accurately depict the nature of formulary restrictions. For instance, suggesting that they increase the number of medications contradicts the definition of formulary restrictions, which inherently limits what is available. Claiming that they have no effect on pharmacy access overlooks the fact that access is directly influenced by whether a medication is covered. Lastly, the notion that formulary restrictions simplify medication selection does not account for the complexities introduced by policies requiring prior authorizations or medication substitution, which can complicate patient care. Thus, understanding that formul

7. Which of the following is NOT typically included in Pharmacy Benefit Manager clinical services?

A. Benefit Administration

B. Claims adjudication

C. Drug Distribution

D. Utilization Management

Pharmacy Benefit Managers (PBMs) are organizations that manage prescription drug benefits on behalf of health insurers, employers, and other plan sponsors. Their clinical services are designed to ensure that patients receive the most appropriate medications while controlling costs and managing access. Drug Distribution, the option chosen as not typically included, refers to the actual dispensing of medications from pharmacies to patients. This process primarily involves retail pharmacies and the logistics of delivering drugs rather than the management or oversight of drug benefits themselves. PBMs generally do not engage directly in the physical distribution of medications; instead, they focus on managing the pharmacy benefit, which encompasses other critical components such as benefit administration, claims adjudication, and utilization management. Benefit Administration involves overseeing the design and operational aspects of drug benefits, ensuring that the plan meets the needs of members. Claims adjudication is the process where PBMs assess and determine the payment for pharmacy claims, ensuring accurate billing and reimbursement. Utilization Management includes evaluations and interventions aimed at ensuring appropriate use of medications, such as prior authorization requirements to prevent misuse of high-cost drugs. Each of these functions is integral to maintaining the integrity of the pharmacy benefit service, while drug distribution is mainly the responsibility of pharmacies themselves, thus making it the correct choice for the question.

8. What is a common element found in rebate contracts between manufacturers and PBMs?

A. Guaranteed profits for PBMs

B. Percentage of sales to patients

C. Payments based on the volume of branded drug sales

D. Fixed fees for all drugs

In rebate contracts between manufacturers and Pharmacy Benefit Managers (PBMs), a common element is that payments are often based on the volume of branded drug sales. This structure incentivizes PBMs to promote certain medications, as higher sales volumes lead to larger rebate payments from manufacturers. The rebates serve as a financial mechanism that encourages the inclusion of specific drugs on formularies or preferred lists, thereby potentially influencing prescribing patterns and patient access. The relation between sales volume and rebate payments aligns with the overall goal of maximizing profits while negotiating more favorable drug pricing to offer to insured patients. Essentially, the more of a particular branded drug that is sold through a PBM's network, the greater the rebate that PBM can negotiate, which can lead to lower costs for health plans and, subsequently, patients. Other options present concepts that do not align with common rebate contract elements. Guaranteed profits for PBMs and fixed fees suggest a level of financial certainty that is typically not a characteristic of rebate arrangements, which are inherently variable and contingent on drug utilization and sales patterns. The reference to a percentage of sales to patients confuses transactional relationships; rebates are not directly tied to patient sales but rather to the volume of drugs sold through sector channels.

9. What is one primary goal of patient-centered care in pharmacy practice?

A. To limit patient engagement in treatment discussions

B. To prioritize customers' prescription purchases

C. To create a collaborative approach to medication management

D. To ensure maximum profit margins for pharmacies

One primary goal of patient-centered care in pharmacy practice is to create a collaborative approach to medication management. This method places the patient at the heart of the care process, where their preferences, needs, and values are actively considered. By fostering collaboration between pharmacists, patients, and other healthcare providers, this approach promotes open communication and shared decision-making regarding treatment options. In a collaborative environment, patients feel more empowered to participate in their own health care, leading to improved adherence to medication regimens, better health outcomes, and a greater sense of satisfaction with their treatment. This cohesion among all parties involved helps to ensure that medication management is tailored to each individual's unique circumstances, ultimately facilitating a more holistic and effective approach to health care.

10. What is a key factor in the financial success of Pharmacy Benefit Managers?

A. Fixed pricing

B. Costs associated with prescription administration

C. Rebates, admin fees, and ingredients

D. Government regulations

The financial success of Pharmacy Benefit Managers (PBMs) is largely tied to their ability to negotiate and manage various forms of financial incentives associated with the medications they handle. This includes rebates from drug manufacturers, administrative fees from plan sponsors, and the pricing of ingredients used in prescriptions. Rebates are payments made by manufacturers to PBMs, often as a condition for preferred status on formularies, which can significantly enhance a PBM's profitability. Additionally, administrative fees represent income generated from the management of pharmacy benefit programs, and the costs associated with the ingredients directly impact how PBMs manage their overall expenses and pricing strategies. The interplay of these financial mechanisms allows PBMs to optimize their profit margins while also fulfilling their roles in managing prescription drug costs and benefits for both insurers and consumers. Thus, the combination of rebates, administrative fees, and ingredient costs constitutes a foundational aspect of a PBM's financial model and success in the industry.