



Lasting Savings Unlocked by Carving Out Pharmacy Benefits

The Challenge

A health industry company in the western United States with about 1,200 members was experiencing issues with their carved-in pharmacy benefits. Pharmacy costs were rising to the point where they were spending up to \$999k annually with a PMPM of \$77.10, and were unable to access any deeper information to address the issue. The company wanted more control over their spending and pharmacy programs, something it lacked in its current carved-in arrangement.

\$999K
Annual Pharmacy Spend



The Solution

After considering the options, the company decided that carving out its pharmacy benefits with RxBenefits would provide them with the transparency, flexibility, savings, and quality service desired. RxBenefits' team of pharmacy benefits experts examined the client's existing plan performance and provided a comprehensive evaluation of improvements. In partnership with the employee benefits consultant, RxBenefits proposed a solution that would help create a new benefits program tailored to the client's needs.

- **Carve-Out the Pharmacy Benefits Contract:** By separating the pharmacy benefit from the medical benefit, the client was able to manage prescription drug costs independent of the medical carrier. This provided transparency, flexibility, and some of the best pharmacy experts in the business.
- **Negotiate a Competitive Contract:** As part of a carved-out pharmacy arrangement, the client benefitted from a more competitive pharmacy benefits contract. Partnering with RxBenefits on an annual contract enabled them to take advantage of annual drug pricing and improvements, optimized rebates, and client-level pharmacy plan performance guarantees.
- **Foundational Utilization Management Review:** Customized utilization management programs laid the groundwork for appropriate medication use and oversight by putting in place an independent, comprehensive review process.
- **Formulary Optimization with Low Clinical Value Drug Exclusions:** Removed non-essential, high-cost drugs with low clinical value from the formulary prevented unnecessary drug spend and drove members to more appropriate medications.
- **High-Dollar Claim Review:** Guarded against unnecessary spending on high-cost medications with umbrella protection.



Overall Optimization Results

RxBenefits' independent Pharmacy Benefits Optimizer (PBO) model provided the group with a more sustainable, outside-the-box solution for managing its prescription drug utilization and costs. Over a 2-year period, the client was able to grow its membership to almost 1,600 members while still paying less for their pharmacy benefits than before.

\$157K (17.5%) First Year Plan Savings

\$102K (10.5%) Second Year Savings Plan

\$135K (10.7%) Estimated Third Year Savings Plan

\$50K Low Clinical Value Savings in 7 Months
\$5.87 → \$0.33 LCV PMPM in 7 Months

\$34K High Dollar Claim Review Savings in 7 Months
\$8.10 → \$4.35 HDCR PMPM in 7 Months



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