



Innovative
BENEFIT PLANNING



**CLIENT SAVED
\$1.13 MILLION IN 2 YEARS
WITH PRESCRIPTION DRUG
CARVE OUT**

Client Facts

Non Profit

Self-funded

Community Support Services

900 Employees

CHALLENGES



- 1 Our client did not have a direct contact with the Pharmacy Benefit Manager (PBM) because the PBM was part of its bundled Administrative Services Only (ASO) agreement with a large national carrier.
- 2 Due to the bundled arrangement, it did not allow access to the PBM proprietary contract, therefore providing a complete lack of transparency around terms and pricing optics.
- 3 Lack of transparency and direct contract also meant the client had no access to prescription rebates. The bundled solution allowed the carrier to retain the manufacturer rebates.

SOLUTIONS



- 1 During a pre-renewal meeting, Innovative recommended we analyze a prescription carve out solution to determine if there were opportunities for more transparency, cost savings, and flexibility. We requested a report from the current national carrier that provided 12 months of claims history and the necessary data for repricing pharmacy claims.
- 2 We ran this data through four pharmacy benefit managers to reprice the claims. The repricing indicated savings of 40% over the client's existing carrier. For the next renewal, the client implemented our recommendation to contract directly with a well-known national PBM that delivered the most guaranteed savings. We also negotiated clear pricing optics that provided the client with better contract and pricing terms.
- 3 After establishing a competitive contract in year one, Innovative began using detailed data available through the new PBM relationship to evaluate utilization trends for year two of the contract and make recommendations to help reduce costs on an ongoing basis.

RESULTS



During the first year, the client saved \$385,694 in contract savings. Those savings included reduced costs of \$156,805 through AWP discounts, \$223,262 in manufacturer rebates and decreased dispensing fees by \$5,627.



After the first year with the new PBM, the guaranteed contract terms were set up to improve each year and we added additional utilization management solutions. As a result, in the last two years, the client costs were \$1.13 million less than under the previous carrier.



The new contract included average AWP discount and rebate minimum guarantees. The client received \$47,000 from the PBM manager when those thresholds were not met.



Improved claims transparency enabled us to recommend advanced utilization management strategies to further reduce costs, such as prior authorization lists, specialty drugs, step therapy programs, and drug quantity limits.

