innovative Rx STRATEGIES™

**Case** Study

# $2.4M Rx Cost Savings Identified for Financial Sector Client

Innovative claim surveillance saves client $44,000 per week after rate reduction negotiation

| CLIENT SIZE | REALIZED SAVINGS |
|---|---|
| 750 covered lives | $2,400,000 |

**CLIENT**

A nationally recognized financial sector client in Indiana with 750 employees

**CHALLENGE**

Within a few months of implementing a self-funded health care plan for their employees, the client hired an employee whose dependent was diagnosed with a rare genetic condition requiring weekly infusion therapy.

The hospital system administering the treatment was charging over $55,000 per week.

The cost of this therapy was identified early by Innovative's team during a monthly claims review.

Our team immediately began cross-referencing dosing information with a drug sourcing database to determine reasonableness of the provider reimbursement in relation to the actual drug acquisition cost. After a thorough analysis, the team discovered the actual drug cost was $11,000 per weekly infusion, while the hospital system was being reimbursed for $55,000 — five times the actual cost. The hospital system was also billing an additional amount for infusion administration.

While the group had a stop loss deductible of $100,000, without Innovative's intervention, the employer would have faced a very difficult reinsurance renewal in year-two of the plan. Future financial liability would have been nearly $3 million in premium increases for subsequent years, or the plan would have been exposed to a laser liability of $3 million.

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**SOLUTION**

Innovative contacted the insurance provider, showed them the data and shared the loss they would be taking for the remainder of the year after the stop-loss amount was exceeded. Working closely with the carrier and insurance company's reinsurance and pharmacy teams, the Innovative team came up with a solution for sourcing and billing the medication at a more equitable cost.

The hospital continued administering the dependent's infusion therapy each week at a cost around $11,000 — a far more reasonable markup.

**RESULTS**

Innovative's solution to improve the sourcing and billing of the member's specialty drug cut the cost for the client by $44,000 per week.

Overall, the client saved $2.4 million in the first year.

The client also experienced sustained savings of several millions of dollars in subsequent years. Early identification and quick intervention prevented the need for the client to move to a different insurance provider during renewal.