innovative Rx STRATEGIES™

Case Study

Third-Party Administrator Improves Competitive Position and Saves Over $12M

Innovative negotiates with PBMs to close loopholes and achieve market-leading pricing

CLIENT SIZE	REALIZED SAVINGS
30,000 covered lives	$12,650,000

CLIENT

A TPA serving self-funded employers with 30,000 covered lives

CHALLENGE

The TPA had a PBM contract negotiated by their incumbent pharmacy consultant. This contract did not have competitive pharmacy benefit pricing or contract terms. The terms of their contract did not enable them to recover any underperformance by the PBM.

This left the TPA poorly positioned to expand in their market. In fact, one of their largest clients declined the TPA's pharmacy benefit plan because savings were negligible.

SOLUTION

The TPA engaged Innovative to review their contract and improve their competitive position. Our team opened discussions with two different PBMs, pitting them against each other to achieve market-leading pricing. This also allowed prospective client groups to choose the PBM that best suited their needs.

Additionally, our contract analysis closed several loopholes that allowed the client to successfully recover PBM performance during annual reconciliation.

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RESULTS

The client and its groups have saved $12,650,000 over the course of 6 years. Closing contract loopholes enabled the recovery of over $2,000,000 in overpayments from the PBMs.

The improved contracts elevated the TPA's position in the marketplace –even the formerly hesitant large client moved over to the TPA's PBM, saving them $3,500,000 on their pharmacy benefit costs.

Innovative's expertise set the client up for long term success and drove industry-leading pricing that has empowered continued growth.