innovative Rx STRATEGIES™

Case Study

No-Risk Assessment Reveals Over $16M in Savings to Health Plan

Contract and clinical expertise identify significant savings without jeopardizing domestic pharmacy revenue

CLIENT SIZE	STARTING COST	IDENTIFIED SAVINGS
60,000+ covered lives	$165,537,787	$16,484,868 (10%)

CLIENT

A health plan with over 60,000 covered lives

CHALLENGE

The health plan is a branch of a large health system and serves its employees. It also offers several plans to employers in its region. The health plan's pharmacy spend was significant, reaching over $165 million in 2022. Looking for ways to contain costs, the health plan engaged Innovative the following year. The health plan operates its own pharmacy, so it was seeking potential savings while avoiding cannibalizing its domestic revenue.

SOLUTION

We conducted a savings assessment for the health plan which analyzed its existing PBM contract, rebates, discounts and clinical performance. The assessment revealed that not only was the PBM withholding a portion of rebates for itself and as payment to another consultant, but those rebates were also far below market competitive rates. Additionally, the health plan's PBM contracts were full of ambiguous definitions. We proposed using Innovative's exclusive definitions which are very specific and more robust. This would ensure that terms and conditions, and the resulting rates and rebates, favored the plan instead of the PBM.

An examination of the health plan's clinical program identified additional opportunities for savings. Our team identified three low-cost generic drugs which could be dispensed through Mark Cuban Cost Plus Drugs. Additionally, we suggested eliminating low-value, high-cost drugs from the formulary — steering plan members to more affordable alternatives.

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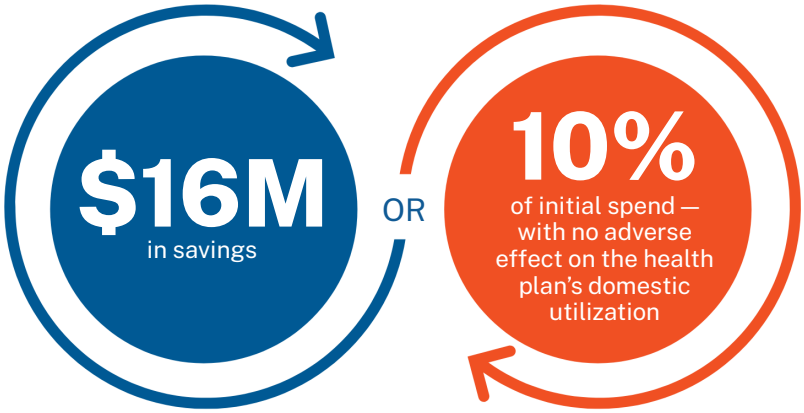
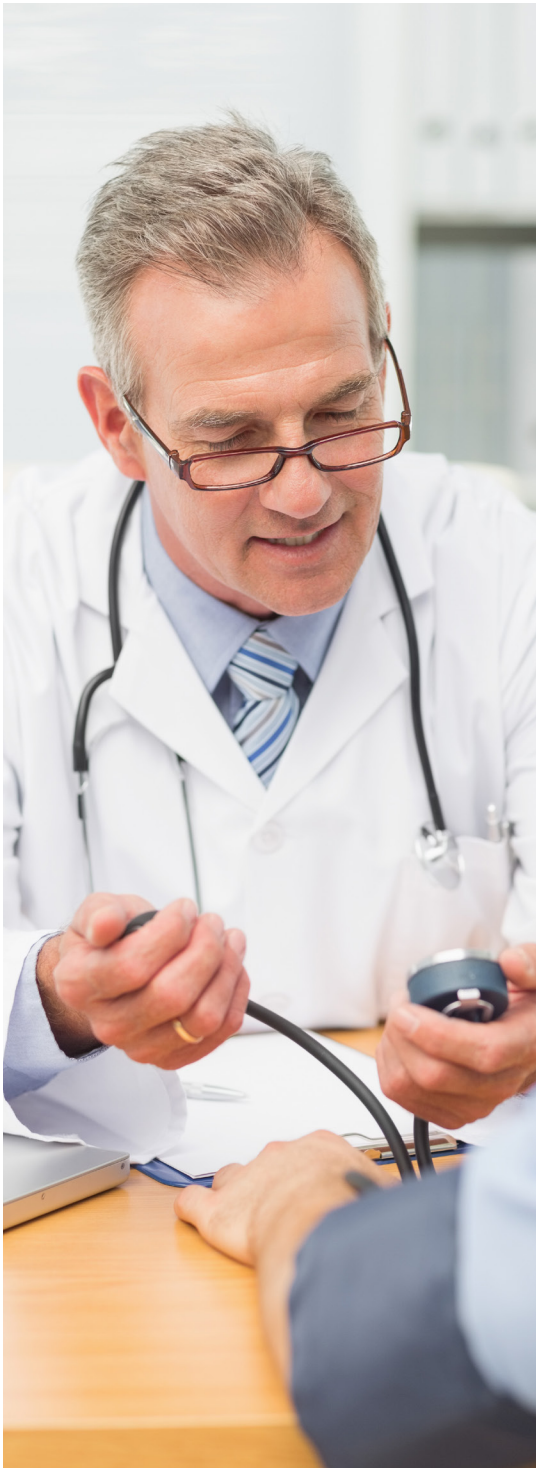
RESULTS

The savings assessment identified **$16,484,868 in savings, or 10% of initial spend — with no adverse effect on the health plan's domestic pharmacy utilization.**

Around $15 million of the total savings came from improvements to discount rates, rebate guarantees and contract definitions. The clinical improvements, including minor formulary changes and alternate dispensing sites, were responsible for the remaining savings of over $1.4 million.





TAKE ACTION – CREATE SAVINGS

To learn more about Innovative Rx Strategies solutions email **info@innovativerxstrategies.com** or call **803-386-8955.**