

CaseStudy

\$150,000 Rx Cost Savings Identified for Small Business

Small business saves \$24,000 over two months while employee out-of-pocket costs decrease

CLIENT

An independent, family-owned small business with 210 employees

CHALLENGE

As a self-funded organization, the rising cost of providing healthcare benefits was creating a financial challenge for this small employer. Several employees required high-cost drug regimens to treat conditions such as rheumatoid arthritis and other autoimmune diseases. Their prior year pharmacy claims spend was \$350,000.

The company's owners were seeking to maintain their current level of benefits but ensure they were more affordable for the company and their employees. If possible, they also sought a pharmacy benefit manager (PBM) partner that would help manage their risk of the future medication marketplace — one with more and more high-cost, specialty medications.

The Kinetiq Health Pharmacy Benefit Practice Team was recommended to help search for areas of cost savings. Through a broader set of changes that had already included shifting their medical insurer, the pharmacy benefit was carved out in an effort to save money.

Upon review of the pharmacy benefits plan, the Apex team identified \$150,000 in potential savings, a projected 43% decrease from previous year's Rx claims spend.

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SOLUTION

The team of Certified Pharmacy Benefits Specialists reviewed the employer's pharmacy claims and pharmacy benefit manager (PBM) contract. Apex contract assessments include taking a deep look into pharmacy benefit contractual terms. Additionally, Apex leverages its experience with PBMs to ensure that clients pay a fair and transparent price for services provided.

Upon reviewing the contract and claims data, the Apex solution included the following:

- A new PBM was chosen and entered into a pass-through agreement where all discounts and manufacturer-derived revenue would pass to the client. This contract also ensures the client pays no more for claims than the price paid to the dispensing pharmacy.
- A copay assistance maximization program was implemented to provide qualified patients direct financial assistance to limit their out-of-pocket prescription expenses.
- A broader specialty medication cost management approach was also implemented to reduce costs and limit future risk from high-cost medications.

RESULTS

The total identified potential savings was 43% of the \$350,000 in claims paid previously, or \$150,000. Specifically:

- Annual savings via Apex sourcing (rebates, discounts, dispensing fees) with no benefit design changes: \$103,000 (29%)
- The employer selected a PBM with additional savings programs which required minor changes to the benefit design but will deliver additional savings: \$50,000 (14%)
- Within just the first two months in the new PBM relationship, the client saved \$24,000 from improved discounts, added rebates and additional savings programs – and employee out-of-pocket costs continue to decrease.

The 41% in total savings was on target with Apex's original projection of up to 43% within the first year of the new PBM relationship.

