

CaseStudy

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

Large financial sector client saves \$44,000 per week after high-cost claim discovered and rate reduction negotiated

CLIENT

A nationally recognized financial sector client in Indiana with 400 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 Apex's Kinetiq Health team of clinical and financial analysts during a monthly claims review.

Kinetiq Health's Pharmacy Benefits Consulting 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 the Kinetiq Health team'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.

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

SOLUTION

Kinetiq Health's teams 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 insurance company's reinsurance and pharmacy teams, the Kinetiq Health team came up with a solution to purchase this treatment directly from the manufacturer for the actual cost of \$11,000 while the hospital continued administering the dependent's infusion therapy each week — charging only \$11,000 — no markup involved.

RESULTS

- \$2.4 million was saved for the first year
- Several millions of dollars were saved for subsequent years
- Early identification and quick intervention prevented the need for the client to move to a different insurance provider during renewal

