

Case Study

LOCAL GOVERNMENT

County Saves Millions with RBR and Changes to Pharmacy Benefit

Total spend and PEPM cost savings sustained over a seven-year period

CLIENT

County government with more than 450 employees

CHALLENGE

The client was unable to sustain continuing exponential increases in health care costs while revenue remained flat. Leaders were running out of options to bring costs down without by putting a financial burden on their employees or modifying their benefits package. This kind of disruption was unacceptable.

Before engaging Apex, the county's health care annual spend was more than \$6,000,000. Previous benefit plan changes had made no substantial difference or improvement in overall spend.

SOLUTION

The client was facing a projected renewal increase of nearly **\$600,000 — a 9.6% increase** from their prior year numbers. After analyzing the client's historical claims, Reference-Based Reimbursement (RBR) was identified as the right solution to reduce costs. Apex recommended and implemented RBR, knowing it would be a more cost-effective strategy than a traditional health care plan and included the same benefits package, deductibles and overall design offered to employees the previous year.

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RESULTS

Following the move to RBR, the County’s spend was \$4,800,000 in claims — a reduction in spend of more than \$1,200,000, including runout from the previous year’s traditional plan.

The second year with RBR, the total health care spend had dropped to \$4,000,000, totaling a cost reduction of more than \$2,000,000 since 2015. Over the next five years, the client experienced a cost reduction of at least \$1,700,000. In 2022, Apex identified additional opportunities to save within the client’s pharmacy benefits — resulting in a total spend of \$3,600,000. This was \$2,300,000 less than their pre-RBR rates.

Over the seven year period working with Apex, the client has saved **\$13,272,840**.

Not only has health care spend been significantly lower since the client hired Apex, but the per employee per month (PEPM) health care costs have dropped drastically — average PEPM was reduced by \$315 or 28%.

REFERENCE-BASED REIMBURSEMENT
 In 2012, Apex was the first benefits advisory firm to introduce Reference-Based Reimbursement (RBR) to Indiana employers. An alternative to traditional PPO or HDHP funding models, RBR is an innovative strategy to achieve cost containment. Apex RBR clients have experienced an average of 25% to 31% savings in the first year.

SUSTAINED SAVINGS

Using RBR, the client has experienced sustained savings over a seven year period. This has allowed them to continue offering the benefits their employees enjoy, and even make enhancements. With the savings from a switch to RBR, the client has been able to:

- Realize a surplus in their claims account
- Add an HRA plan for members
- Increase the company-paid life insurance benefit for all plan members.

	PLAN YEAR	HEALTH CARE SPEND	PEPM
BEFORE APEX	2015	\$6,024,572	\$1,107
APEX	2016	\$4,845,233	\$857
APEX	2017	\$4,022,914	\$748
APEX	2018	\$3,685,756	\$698
APEX	2019	\$4,179,912	\$781
APEX	2020	\$4,236,648	\$852
APEX	2021	\$4,274,052	\$861
APEX	2022	\$3,654,649	\$750

