ApexBenefits

Case Study

Global Manufacturer Saves Over $10.5 Million on Pharmacy Benefit

Over $1 million put back into employee pockets with zero disruption.

Client

A Fortune 200 manufacturer with a retail presence and over 50,000 employees worldwide.

Challenge

After 18 months of suppressed consumer spending hitting its corporate bottom line, the client needed cost-saving solutions. Every division of the organization was instructed to prioritize driving impactful savings.

The corporate benefits team analyzed all medical and pharmaceutical benefits and identified medication spend as the key cost driver. They spent close to $70 million on drugs each year, so even a savings of ten percent would be significant.

They were in the first year of a three-year contract with their pharmacy benefit manager (PBM). This contract was negotiated by their benefits broker and a partner coalition.

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9400 Priority Way W Dr • Indianapolis, IN 46240 | apexbg.com

Solution

The client engaged Apex for a no-risk, no-obligation review of the current PBM contract and recent claims. A team of pharmacists, registered nurses, data analysts and a health care attorney, as well as PBM and pharmaceutical industry experts, dissected the contract, analyzing language and terms line by line to identify opportunities to save.

Armed with educated insights discovered in the nuances of the contract, our team brought a detailed cost-savings plan to the table with the PBM. Our depth of expertise created credibility with the PBM and provided negotiating leverage which was instrumental in locking in the proposed changes.

Results

Our team identified how the PBM was retaining profit over the client's best interest. We negotiated a contract amendment, thus preserving the longstanding relationship between the PBM, broker and client.

The client surpassed their financial savings goal and improved their competitive position. The new contract terms drove savings and continued to deliver a better plan for employees.

- Before negotiations, the client's annual drug cost was nearly $70,000,000. The new contract reduced that cost by $10,543,000—a decrease of close to 16%.
- Contract changes came with zero member disruption. There was no impact to the benefit design, providers, pharmacies or medications.
- Changing a single "or" to an "and" within one definition in the contract created savings of $340,000.
- $1,100,000 of the savings went straight into the pockets of the employees by reducing drug costs during the deductible phase of their high-deductible plan.

Details Matter

Changing a single "or" to an "and" within one definition in the contract created savings of $340,000.

What Major PBMs are Saying

"Major brokers come to us all the time wanting us to cut their clients' costs by millions of dollars. **Apex was the first that understood the nuances of the contract and had a realistic plan to create that level of savings.**"

Executive at the Client's PBM

$10.5M

The client's new contract reduced costs by $10,543,000—a decrease of close to 16%.

$1.1M

$1,100,000 in savings went straight into the pockets of the employees.