



# Switching to Self-Funded Pharmacy Benefits Relieves Employer's Financial Pressures

## The Challenge

A midsize employer in the Western United States was dealing with increasing prescription drug costs driven by its unique population of about 1,100 covered members. The group was experiencing a high number of large, catastrophic claims and numerous common, chronic conditions brought on by an aging workforce. Unable to sustain the soaring costs, the group's human resources and finance teams sought a creative solution for its growing financial hardships. They wanted greater control of the increasing prescription drug costs while ensuring members had access to essential medications and care.



## The Solution

Moving away from the traditional, fully insured health insurance model to become self-funded meant that the employer could operate and fund its own health plan. The self-funded model gave leaders greater control over their health plan options and outcomes. For the pharmacy component, RxBenefits conducted a detailed analysis of the group's existing plan performance and provided a comprehensive comparison of market options.

In partnership with the employee benefits consultant, RxBenefits proposed a solution that would help leaders create a new benefits program tailored to members' needs.

**Carve-out the pharmacy benefits contract:** By separating the pharmacy benefit from the medical benefit, leaders were able to manage prescription drug costs independent of the medical carrier. They were free to contract with the pharmacy benefits provider they believed to be best aligned with their objectives to lower costs while maintaining member access to essential medications.

**Negotiate a competitive contract:** As part of a carved-out pharmacy arrangement, the group benefitted from a more competitive pharmacy benefits contract. Partnering with RxBenefits on an annual contract enabled leaders to take advantage of annual drug pricing and improvements, optimized rebates, and client-level pharmacy plan performance guarantees.

## Overall Optimization Results

RxBenefits' independent Pharmacy Benefits Optimizer (PBO) model provided the group with a more sustainable, outside-the-box solution for managing its prescription drug utilization and costs. The new pharmacy benefits arrangement resulted in significant savings for the plan and its unique member population.



# 26%

savings from the initial carved-out contract over the incumbent carved-in carrier arrangement

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# \$224K

projected savings from annual pricing improvements across a three-year period



Are you paying too much for your pharmacy benefits?  
To learn how we can help you lower costs and improve care, contact your local business development executive.

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