

Finding an Rx for Escalating Pharmacy Costs by Carving Out Benefits

The Challenge

With a \$4 million pharmacy budget, a growing mountain city was facing unrelenting escalation of their prescription drug costs. City leaders were looking for solutions that would control costs without transferring the burden to its 4,000 benefit plan members. Additionally, they had to ensure that any changes in benefits would not disrupt their plan members. It was important for them to provide uninterrupted access to maintenance and specialty drugs through both in-person and mail order channels.

\$4M Pharmacy Budget



The Solution

RxBenefits, in partnership with the city's selected brokerage firm, proposed a solution that would increase the city's limited visibility into its specific pharmacy cost drivers and optimize its pharmacy contract for maximum savings and minimal member disruption.

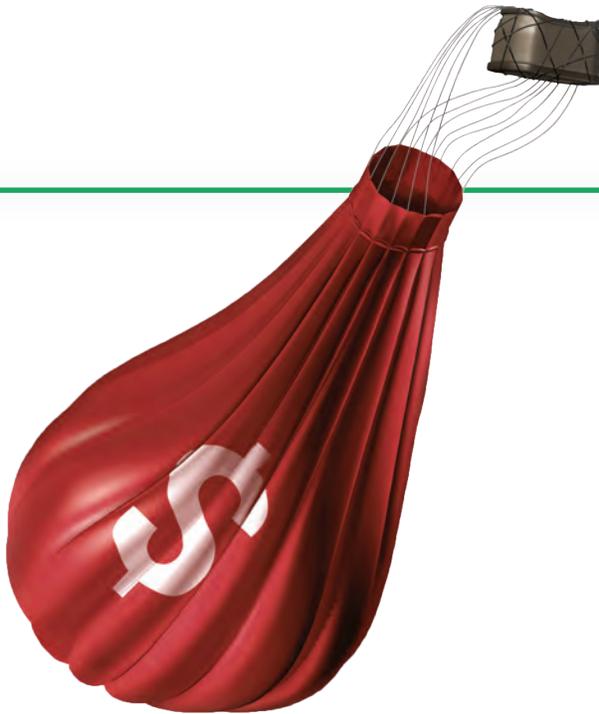
- **Unbundle the pharmacy contract:** By separating the pharmacy benefit plan from the medical benefit, the city would be able to manage its prescription drug costs independent of its medical carrier. The city would be free to contract with the pharmacy benefit manager (PBM) that it believed to be best aligned with the city's objectives to lower costs while maintaining member access to essential medications.
- **Negotiate a competitive contract:** As part of its carved-out arrangement, the city would benefit from a more competitive pharmacy contract. The city chose to partner with RxBenefits using an annual contract so that it could take advantage of annual pricing and improvements, optimized rebates, and performance guarantees at the client-level.



Overall Optimization Results

RxBenefits' independent PBM arrangement provided a more sustainable option for the city and generated significant savings to support its long-term benefit planning objectives. The city's new carved-out pharmacy benefit helped set the stage for improved analytics and enhanced benefits communication efforts.

\$1.2M (30%) savings in pharmacy costs after a full year under a carved-out pharmacy contract



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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