



# Clinical and Contract Savings for a Rural Health System

## The Challenge

A rural health system with 11,300 member lives was experiencing escalating plan spend on high-cost, specialty medications. These challenges led to increasing pressure on its human resources team to maintain competitive healthcare benefits for its employees. Health system leaders were struggling to find cost-savings opportunities under their current benefits arrangement and without an on-site pharmacy to capture and keep prescription dollars within the health system.

With an annual net cost of \$113.57 per member per month (PMPM), the health system was paying \$15.4M annually for pharmacy benefits. It needed a comprehensive solution that could help reign in its rapidly increasing pharmacy benefit costs from a contract and clinical management perspective, while generating savings to help it develop an on-site pharmacy to support its long-term objectives.

# \$15.4M

Annual Pharmacy Spend



## The Solution

The health system partnered with RxBenefits and elected our comprehensive Clinical Advantage Program (CAP). We conducted a Comprehensive Pharmacy Analysis of the plan's claims data to pinpoint the major trend drivers, which led to the creation of a tailored clinical solution incorporating a mix of these CAP components:

- **Formulary optimization with low clinical value drug exclusions** – Preventing unnecessary drug spend by removing non-essential, high-cost, low clinical value drugs from the formulary.
- **High-dollar claim review** – Providing umbrella protection by guarding against unnecessary spending on high-cost brand and specialty medications that had clinically appropriate, lower cost alternatives.
- **Manufacturer assistance program for specialty medications** – Maximizing use of available assistance funds and offsetting costs for certain specialty medications while protecting the health system's plan design.

Utilizing RxBenefits' purchasing power, we helped the health system negotiate clear, client-friendly terms and secure a competitive pharmacy benefits contract that rivaled those extended to large health systems. The contract improvements specifically focused on obtaining competitive rates and rebates year-over-year to help reduce the health system's overall spend:

- **Updated component-level guarantees** for retail, mail, and specialty drug channels
- **Updated drug rebate guarantees** from manufacturers



## The Results

Through a combination of clinical and contract optimization strategies, RxBenefits delivered significant results for the health system over multiple years. The increased plan savings enabled the health system to allocate dollars to collaboratively launch an on-site retail and specialty pharmacy with RxBenefits, which allows for additional benefit savings.

<b>Contract Optimization Results:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Contract Improvements</b>	<b>14.9%</b>	<b>7%</b>	<b>10.5%</b>
<b>Rebate Improvement:</b>	<b>\$1.3M</b>	<b>\$478K</b>	
<b>Clinical Optimization Results:</b>	<b>2019</b>	<b>2020</b>	
<b>Formulary Optimization</b>	<b>\$900K</b>	<b>\$88K</b>	
<b>High Dollar Claim Review</b>	<b>\$665K</b>	<b>\$2.4K</b>	
<b>Manufacturer Copay Assistance Program</b>	<b>\$1.1M</b>	<b>\$1.2M</b>	
<b>Total Annualized Plan Savings from Clinical Programs</b>	<b>\$2.6M</b>	<b>\$2.5M</b>	
<b>Overall Optimization Results:</b>	<b>2019</b>	<b>2020</b>	
<b>Total Plan Savings</b>	<b>\$2.9M</b>	<b>\$718K</b>	
<b>Annual Pharmacy Net Plan Cost</b>	<b>\$12.5M</b>	<b>\$14.1M</b>	



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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