



HEALTHTRANS™

A healthier approach to pharmacy benefits

Employer Group Case Study

Visibility
Value &
Validation

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Employer Challenges

- Every dollar spent on healthcare is a dollar that could go to:
 - Employee compensation
 - Other benefits
 - Business growth and improvement
 - The Bottom Line
- We have to remain competitive – but how?
 - Every little bit helps
 - Keeping drug costs low while offering a competitive benefit definitely helps



But How to Keep Rx Costs Down?

- Picking the right partner
 - The usual criteria
 - Fees?
 - Rates?
 - Expertise?
 - Size?
 - The 'new' criteria
 - Alignment of Objectives





The Three "V's"

- Visibility
 - Make sure that your objectives are clear
 - Make sure that you understand your PBM's business model
- Value
 - Construct a contract that provides for your objectives and compensates the PBM to meet them
- Validation
 - Insist on information that measures the PBM's performance towards your objectives





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A Case Study

- Profile of the employer group
 - Manufacturing corporation
 - 1,500 employees/dependents
 - Multiple locations
 - Previously with a 'Big 3' PBM





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The Employer's Health Benefit Goals

- **Address the high cost of healthcare**
- **Take a proactive approach to reduce costs & cost containment**
- **Maintain strong benefit**
- **Recruit and retain employees**





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Proactive Approach

- **The employer took action to:**
 - **Promote health awareness**
 - **Address top 3 causes of cost in group medical claims**
 - **Subsidize wellness programs**
 - **Implement health education series**
 - **Address the prescription drug program**





Proactive Approach

- **Two Basic Principles**
 1. **Employees had to be the agent of change**
 - **Employer provided employees with information, training and support to direct them**
 - **Employer changed from a “Top-down” approach to direct interaction between HR, the PBM and employees**
 2. **Remove barriers and conflict of interest**
 - **Find a consultant / PBM who understood this**





Three Goals for Rx Program

- **Designed as a consumer-driven Rx benefit program**
- **Lower both employer & employee cost**
- **Maintain a 69% / 31% cost share**
 - **This had been the employer/employee cost share under the prior program**
- **Maintain & improve availability of drugs at the lowest possible cost**





Implementation

Communication of benefit including information about PBM and how employees benefited from the change.

Communicated to.....

.....HR group in the field

.....employees

.....doctors





7 Questions For The Doctor Printed On Rx ID Cards

7 questions to ask your doctor:

1. Alternatives to drugs?
2. OTC drugs instead of Rx?
3. Generic drugs?
4. Lower priced brand drugs?
5. Tablet-splitting doses?
6. 90-day mail order Rx's?
7. Extra free samples?





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Prior Benefit Design

Standard 4-tier Rx Co-payment Structure

Generic	\$10
Preferred Brand	\$25
Non-Preferred Brand	\$40
High-Cost Drugs	25%





New Benefit Design

Tier 1 Generics & High Cost Drugs -	25%
Tier 2 Preferred Brands -	35%
Tier 3 Non Preferred -	45%

Also included a unique list of non-value added drugs

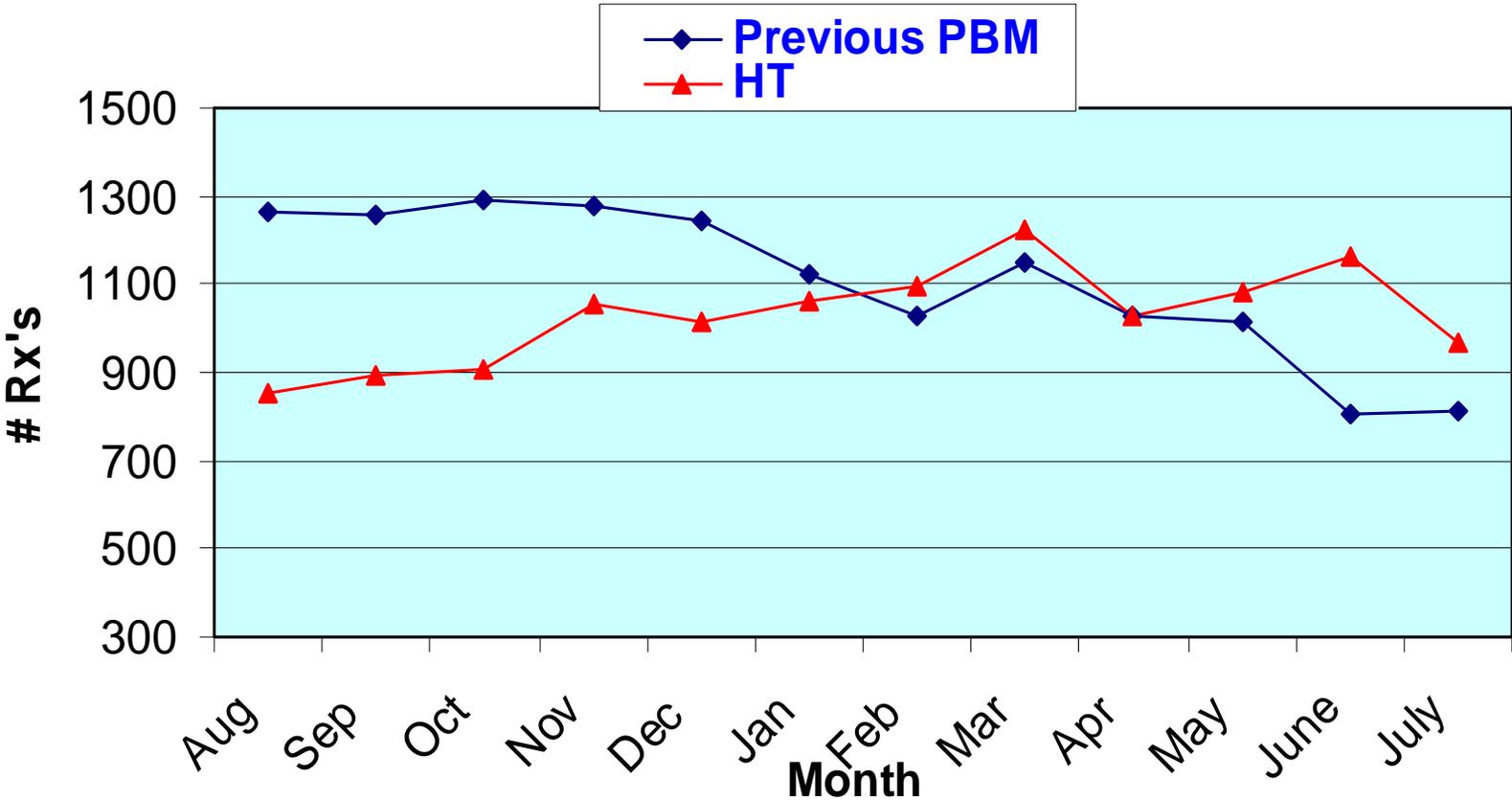




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Validation

Number of Prescriptions / Month Previous PBM to HealthTrans



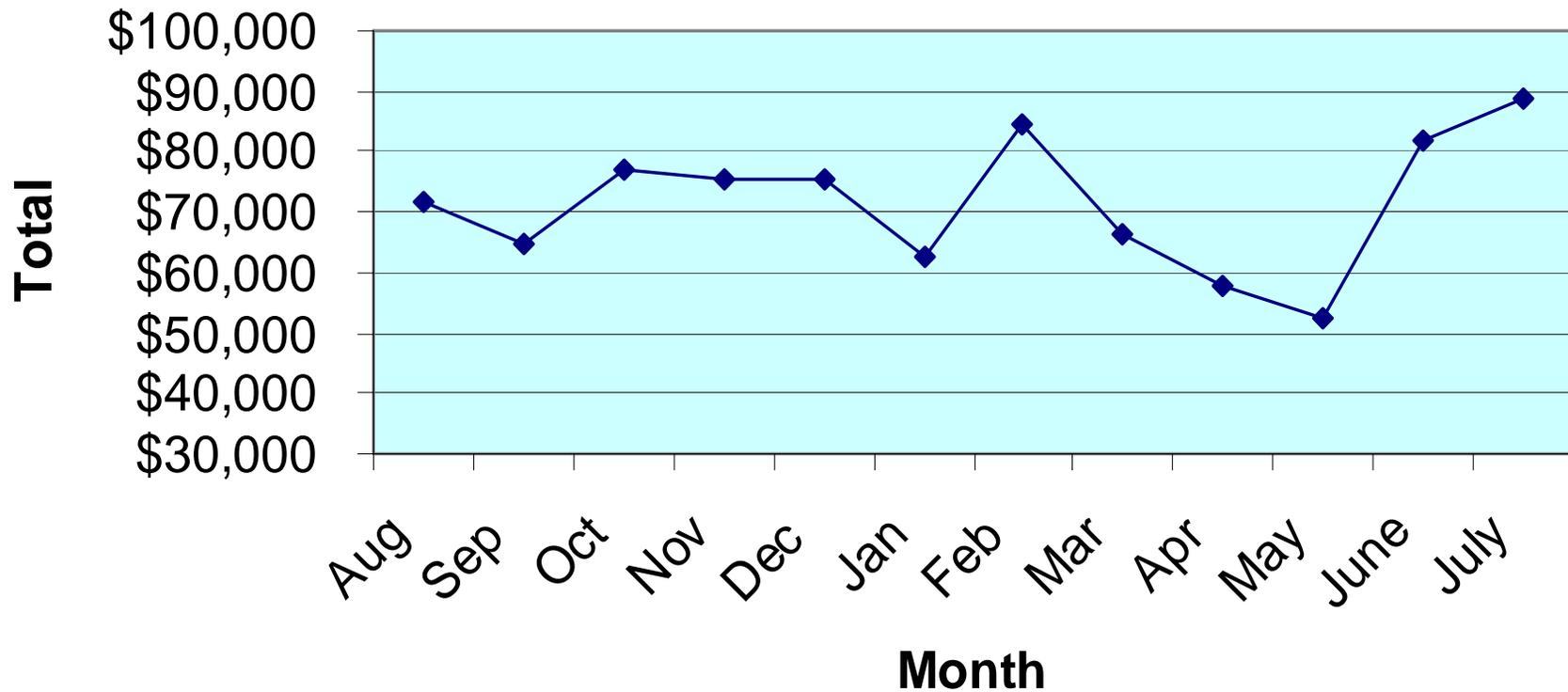


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Validation

Total Rx Program Cost (Employer & Employees)

◆ Previous PBM

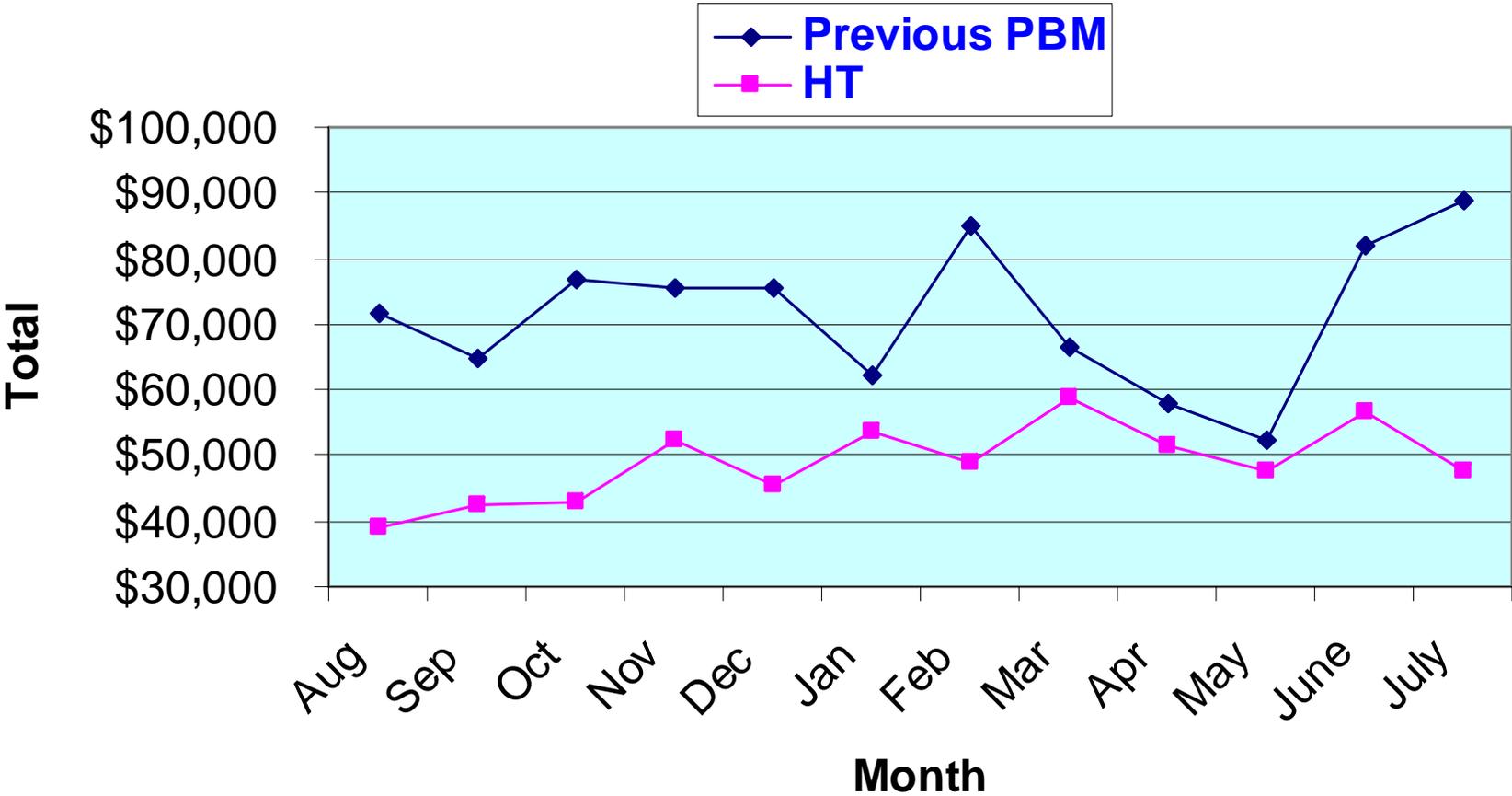




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Validation

Total Rx Program Cost (Employer & Employees)



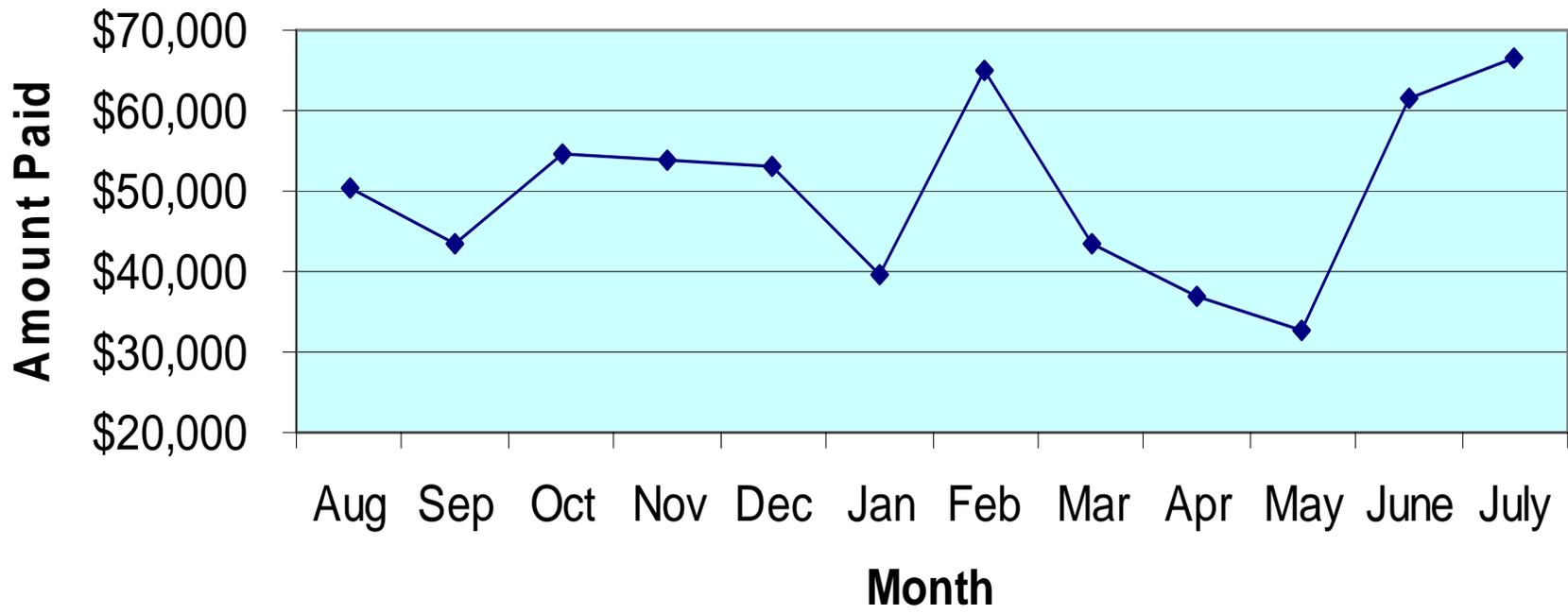


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Validation

Employer-Only Rx Program Cost

—◆— Previous PBM

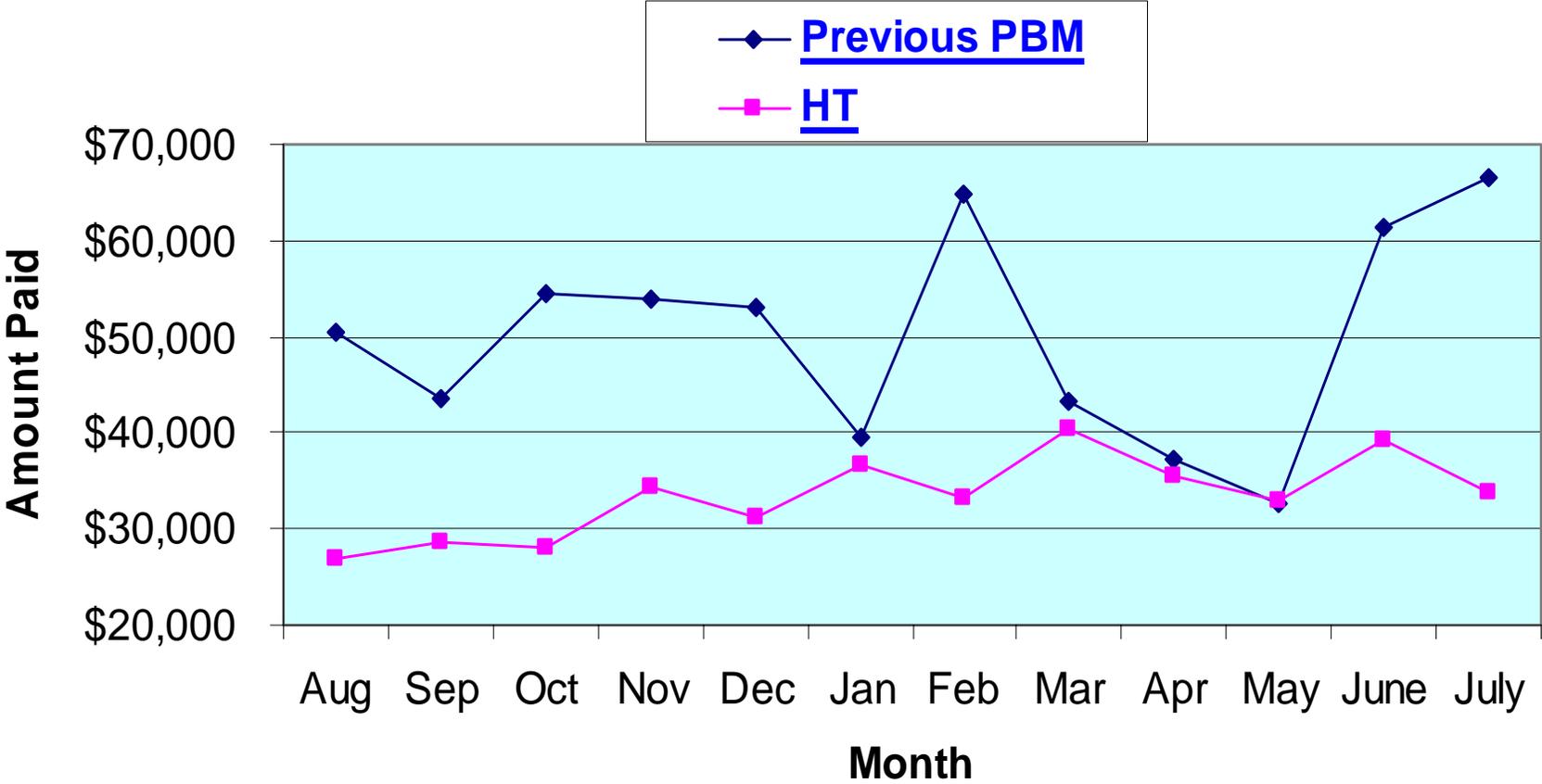




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Validation

Employer-Only Rx Program Cost

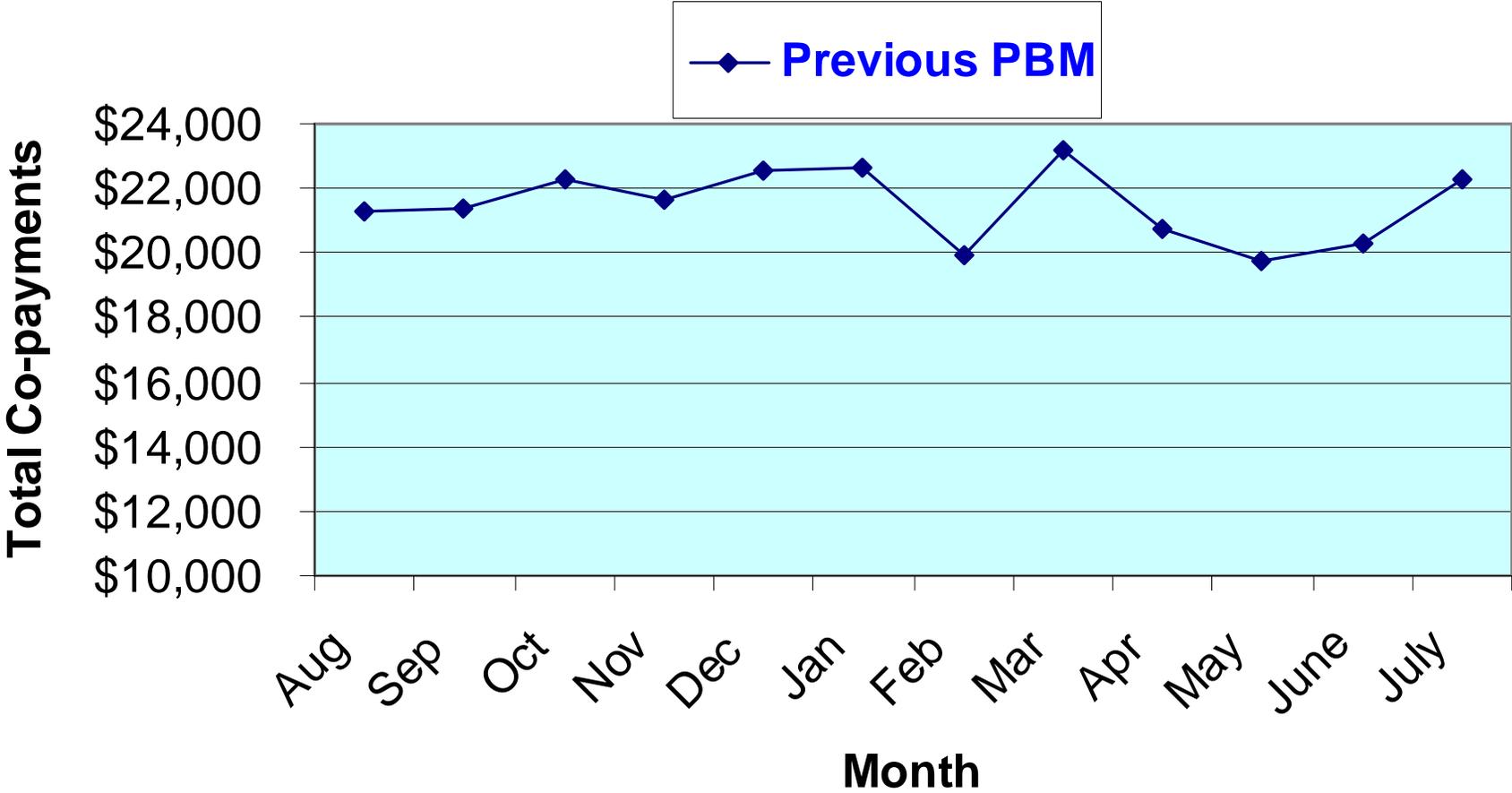




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Validation

Employee Out of Pocket Cost

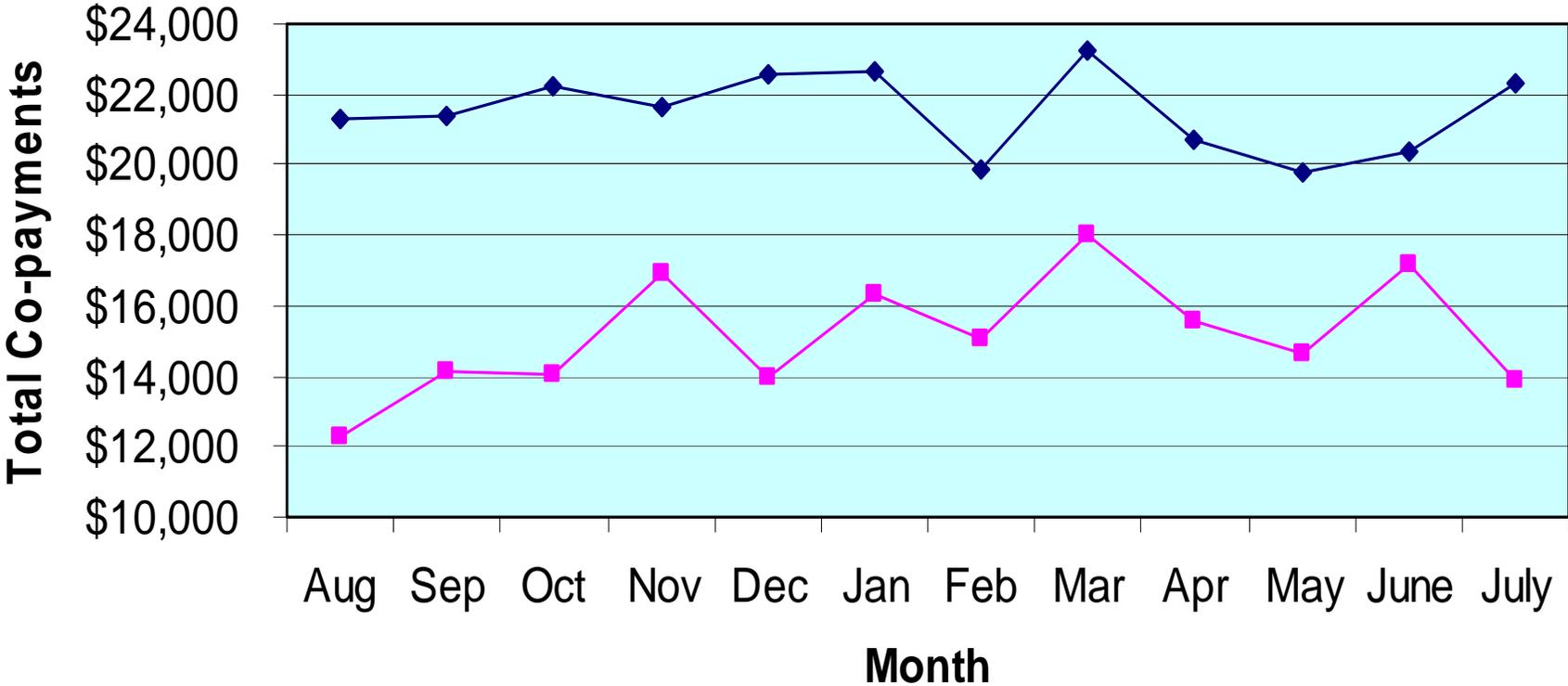




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Employee Out of Pocket Cost





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Total Rx Costs & Savings

	TOTAL COSTS		SAVINGS	
	Prior Year*	First HT Year**	\$	%
Employer	\$582k	\$385k	\$197k	34%
Employee	\$259k	\$181k	\$78k	30%
Total	\$841k	\$565k	\$275k	33%

*Adjusted for drug cost inflation & employment levels.

**Adjusted for rebates & admin fees.





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Primary Savings Factors

ITEM	FROM	TO	CHANGE
Rx's PMPY	9.9	8.8	-11%
Generic Util.	40%	49%	+23%
Cost/Rx	\$58.94	\$44.15	-25%
Cost/Generic Rx	\$18.69	\$14.95	-20%
7 Major Classes	\$15.55 pmpm	\$10.85 pmpm	-30%
High Cost Drugs	\$10.26 pmpm	\$ 1.98 pmpm	-81%
All Other Drugs	\$24.41 pmpm	\$19.53	-20%
Rebates/Claim	0	\$1.46	NA





Improvement Opportunities

- Generics
- Mail Order
- Antidepressants
- NS Antihistamines
- BP Medications
- All Other Drugs
- Excluded Drugs
- Formulary Improvements



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The Good, The Bad & The Ugly

- **The Good.....**
 - **Proactive approach to change**
 - **Moved to % co-insurance from fixed \$s;**
 - **Employees forced to pay attention to costs;**
 - **Mail order savings shared between employees and employer (no mail order subsidy required)**
- **The Bad.....**
 - **Required a company-wide executive change in thinking**
 - **Was a lot of work to implement**
 - **HR forced into more involvement**
 - **Resistance to change for a few**
- **The Ugly.....**
- **Employer remote locations**
- **New system set up**
- **Some post-production adds and deletes to the benefits list**





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The Results

Improvement in benefit performance

Rx assisting in beating the market with regard to healthcare increases

Employees better prepared for future consumer-driven healthcare issues





Administrative Services Group Health Care Approach

- **“Swing Thoughts”**
 - **Prevention**
 - **Proactive**
 - **Partner**
 - **Positive Performance**
- **Focus**
 - **Collaboration**
 - **Coordination**
 - **Communication**
- **Results = COST SAVINGS For Employer & Employee**





The Three "V's" In Action

- **Visibility**
 - Well defined employer objectives and plan
 - HealthTrans commitment to full-disclosure
- **Value**
 - Admin Fee Basis
 - Removal of Conflicts of Interest
- **Validation**
 - Informational updates and progress status
 - Demonstrable savings
 - “The proof is in the pudding.”



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Summary

- Goals and objectives must be clear in the mind of the employer
- Employer must be willing to invest time and resources in education and employee participation
- A PBM partner who is willing to remove conflicts with the employers goals is key
- There will be some 'pain' as the company transitions – but it will be worth it in short order

