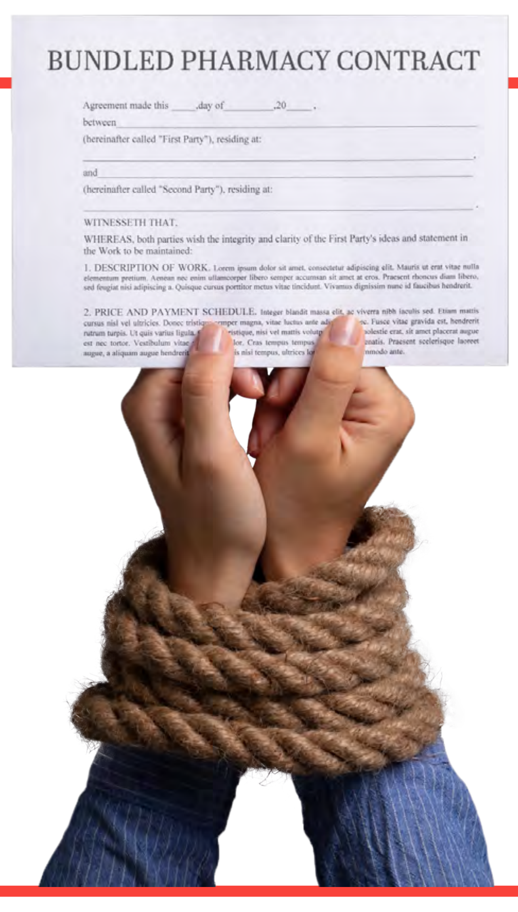
It's Time to Carve Out Pharmacy Benefits

Why Carved-In Rx Plans Don't Deliver Long Term

Employers have long been promised that ongoing vertical integration in the pharmacy benefits industry would lead to a more consistent, efficient healthcare model, resulting in lower costs for their benefits plans.[1,2] In reality, market consolidation has actually reduced competition. Large medical carriers have more than tripled their profits – and have yet to pass that benefit along to employers.

With drug costs and utilization of high-cost specialty medications on the rise, employers are quietly losing the little leverage they had as carriers try to impose thresholds and penalties for employers who want to carve out pharmacy. There's a reason **95%** of Fortune 100 companies carve out pharmacy benefits - and a reason carriers are set on preventing smaller groups from doing it.

Carving out the pharmacy program enables even the least-sophisticated prescription drug purchasers to find considerable, **long-lasting savings**.



The Problem with Bundled Pharmacy Contracts

If your clients are locked into a bundled medical and pharmacy benefit, they're likely overpaying for prescription drugs. Despite what the big insurance carriers may say, carving out the pharmacy benefit provides critical insights and value for companies that want to manage their pharmacy spend.

Your clients deserve an optimal pharmacy arrangement that works in conjunction with the medical benefit to achieve long-term savings. The good news is that a more sustainable approach to managing the pharmacy benefit is possible for self-funded employers.

The Real Test: Comparing Short-Term vs. Long-Term Savings

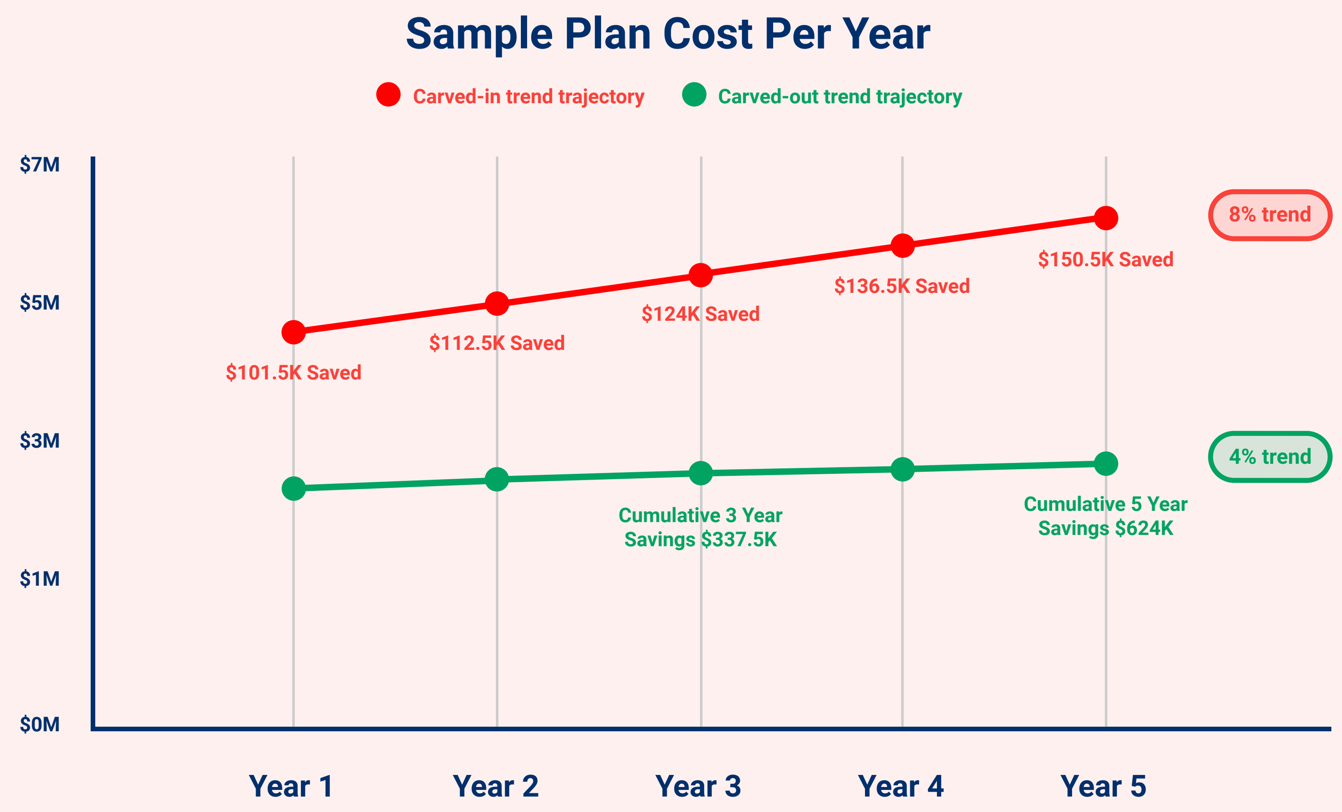
Most employee benefits deals and renewals focus on the first-year pricing and savings potential, and some of the numbers the carriers pull out in the final moments can look enticing to an unassuming plan sponsor. But the truth is, it's easy for the big carriers to come in and undercut all other offers on the table to win you over.

Why? Because they already know they'll more than make up for any lost first-year revenue on years two and three of that long-term contract. Not to mention the hidden costs likely already baked into their vague contract terms and conditions.

Ask them about the limitations and conditions on their promises, and examine the pricing, savings, and performance guarantees beyond that first year. Chance are, these carriers aren't showing you how their prescription drug trend over time compares to the market – and how much more can be done to manage trend effectively without reducing member satisfaction.

The Cost of Waiting to Carve Out Pharmacy Benefits[3]

For some employers, it can be downright shocking to compare the savings that may be possible by switching to a carved-out pharmacy plan, especially seeing how it adds up in the three years of that long-term contract you're considering. Can your middle-market clients afford to miss out on these valuable dollars being left on the table during that time and beyond?



The Time is Now: How RxBenefits Can Help

It's never been more important for you to review your employer clients' pharmacy plan performance to ensure they aren't overpaying for prescription drugs. An annual performance evaluation is the only way to know that a plan's rates and rebates are competitive, contract terms align with the client's best interest, and clinical management strategies are effective. And in accomplishing that, an independent, knowledgeable partner is an invaluable asset.

At RxBenefits, we have the expertise needed to effectively review your clients' current arrangement and compare it to what's available in the marketplace. Our complimentary, comprehensive pharmacy benefits analysis will pinpoint potential risk areas and identify opportunities. Using our vast knowledge of pharmacy plan designs and best practices, RxBenefits provides valuable insight to help you and your clients make the best decision for their benefit plan and their members.

RxBenefits' pharmacy benefit optimizer (PBO) model is a PBM alternative that focuses on helping self-funded employers eliminate waste, optimize therapy, and insulate trend in their carved-out pharmacy benefits.

Contact your RxBenefits representative to get started with your free Rx analysis.

rxbenefits.com/carve-out

References:
1. Cigna And Express Scripts Deal: Virtues Of Vertical Integration, Forbes, 2018
2. CVS Health and Aetna close $70 billion merger, Modern Healthcare, 2018
3. RxBenefits Book of Business Analysis, 2021