



Innovative  
BENEFIT PLANNING

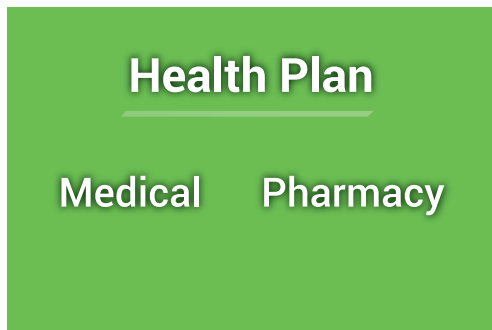
# PRESCRIPTION DRUG CARVEOUT

## Fastest Way to Reduce Benefit Costs

Prescription Drugs typically make up 20% of an employer's overall healthcare, and with the rise in specialty drugs, industry experts expect that number to encroach 50% by 2020.

What many employers do not realize is, they may be able to "carve out" this coverage from their medical plan, resulting in significant savings.

### Bundled Contract






### Carved-Out



## Carved-Out

When an employer separates, or “carves-out” their pharmacy plan, typically used in a self-insured model, Innovative works with the employer to contract directly with a PBM vendor to administer their pharmacy benefits, and for good reason:

### Innovative’s Preferred Contracts Provide:

-  **Flexibility and Control with Plan Design**  
 Innovative can customize your plan design using utilization data and cost control management strategies to reduce spend. In addition, when carved-out, employers get full access to claims data.
-  **Customization of Contract Language**  
 Innovative’s pre-negotiated contract language includes full transparency and limits the PBM’s practice of including contract provisions that can negatively impact the overall performance of the plan.
-  **Guaranteed Pricing**  
 Under Innovative’s preferred contracts, employers are guaranteed rebates, average wholesale price discounts, a reduction in overall net ingredient costs, and zero administration fees. Innovative facilitates an audit annually to ensure guarantees are met.

## Average Savings



### REBATES

On average, Innovative clients found that the amount of spend that could have been returned in rebates was 16%.



### INGREDIENT COSTS

On average, Innovative clients saw an average savings of 7% on ingredient costs.



### OVERALL PRESCRIPTION DRUG SAVINGS

The average combined savings between ingredient costs and rebates was 23% of overall prescription spend, with a range of 16% to 31%.

## Innovative client case study

In the green you see their existing carved-in plan, costing \$1,483,869 with zero rebates. After sending out to multiple PBM’s, **Innovative was able to reduce their annual spend by 17%.**

FINANCIAL PERFORMANCE		TOTAL EMPLOYEES 193	TOTAL MEMBERS 415	TOTAL CLAIMS 6,181	
	Incumbent Carrier	PBM Opt. 1	PBM Opt. 2	PBM Opt. 3	PBM Opt. 4
Ingredient Cost (after AWP Discount)	\$1,509,513	\$1,371,366	\$1,368,239	\$1,371,468	\$1,369,181
Dispensing Fees	\$9,454	\$5,898	\$5,617	\$6,741	\$5,617
Member Contribution	-\$38,535	-\$38,535	-\$38,535	-\$38,535	-\$38,535
Administration Fees	\$3,438	\$0	\$0	\$0	\$0
Rebates	\$0	-\$90,410	-\$93,246	-\$110,476	-\$70,982
Net Plan Cost	\$1,483,869	\$1,248,319	\$1,242,074	\$1,229,198	\$1,265,281
<b>Annual Savings</b>		<b>\$235,550 15.9%</b>	<b>\$241,795 16.3%</b>	<b>\$254,672 17.2%</b>	<b>\$218,588 14.7%</b>

**PHARMACY CONTRACTS ARE NOW MORE IMPORTANT THAN EVER**

Contact Innovative to compare your plan

EMPLOYEE BENEFITS • RETIREMENT PLANS • WORKPLACE WELLNESS • HR CONSULTING

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