



Innovative
BENEFIT PLANNING

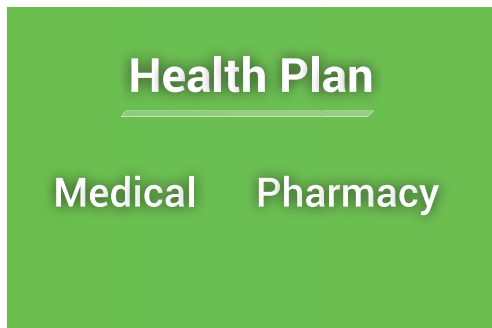
PRESCRIPTION DRUG CARVEOUT

Fastest Way to Reduce Benefit Costs

Prescription Drugs typically makes up 20% of an employer's overall spend, 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, reducing your overall net ingredient costs, and zero administration fees. Innovative facilitates an audit annually to ensure guarantees were met.

Average Savings



REBATES

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



INGREDIENT COSTS

On average, Innovative’s 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
Annual Savings		\$235,550 15.9%	\$241,795 16.3%	\$254,672 17.2%	\$218,588 14.7%

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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