

## Successful PBM Selection and Contract Negotiation Empowered by Truven Health

Selecting the right Pharmacy Benefit Manager (PBM) partner for your plan is the first step in gaining control over rising prescription drug costs. It's also critical to eliminate the pricing games and negotiate a contract that protects your interests — rather than those of the PBM.

Truven Health Analytics™ is an independent third party with no affiliation to any PBM, so we maintain the highest level of objectivity. We offer specialized industry knowledge and tools, including our proprietary PBM contract template, to help you understand your pharmacy benefit costs and the opportunities to get more out of your contracts. Here are several examples showcasing our clients' success. (NOTE: Client names are removed for privacy purposes.)

### **CLIENT A: Rx Strategic Consulting Results in \$6 Million in Savings**

#### **Business Challenge:**

Client A requested a review of its pharmacy benefits to better understand its cost trends and drivers. Annual prescription drug spending had increased by more than 4 percent, to \$37.2 million, and pharmacy costs were twice as high as Truven Health MarketScan® norms.

#### **Course of Action:**

- Truven Health provided comprehensive consulting, including a complete review of plan design, network modification, mail-order copay alignment, specialty pharmacy assessment, and drug utilization, as well as recommendations for clinical rules, including prior authorization, quantity limits, step-therapy edits, and other clinical program options
- Client A implemented the recommendations associated with the redesign work and continues to witness improvements in utilization
- Annual assessment of outcome metrics provided the validation for ongoing return on investment (ROI)

#### **Results:**

Client A found more than \$6 million in savings, or 16 percent of their total drug spend, and members were incented to use the most cost-effective and highest-quality distribution channel for prescription drugs.

## **CLIENT B: PBM RFP Yields Savings of 13.5 Percent and More Favorable Contract Terms**

### **Business Challenge:**

Client B wanted to evaluate its current PBM contract to ensure it had the best deal with regard to pricing and contract language.

### **Course of Action:**

- Truven Health evaluated Client B's business needs relating to spend, operations, and services; then generated a customized RFP document; and evaluated RFP responses from four PBM vendors and two coalitions
- Based on our negotiations, Client B was able to stay with their current PBM at reduced expense and with more favorable contract terms, including a mid-contract market check against current rates
- Internally, Client B was able to use this RFP process to educate its leadership on the complexity of contract language, the value of guarantees, and the importance of audits

### **Results:**

Client B achieved a savings of 13.5 percent on annual drug spend, double our initial estimate of the potential savings.

## **CLIENT C: 17 Percent Savings Achieved via PBM and Coalition RFPs**

### **Business Challenge:**

Client C wanted to evaluate the marketplace offerings from various PBM vendors directly as well as from regional pharmacy benefit purchasing coalitions.

### **Course of Action:**

- Truven Health evaluated Client C's business needs relating to spend, operations, and services; generated a customized RFP document based on the complexity of the client's needs; and submitted the RFP to four PBM vendors and two coalitions
- We analyzed and appropriately adjusted the coalition price offer structures to match RFP requirements, thus eliminating marketplace pricing strategies and ensuring Client C was able to compare all the price offers in an apples-to-apples manner
- Client savings for joining a coalition did not exceed the savings for remaining in the existing direct-PBM relationship, so Client C maintained the direct relationship with the incumbent PBM vendor
- Truven Health entered into PBM contract negotiations on behalf of Client C to secure all pricing points, and ensure measurement and reconciliation to contract performance on an ongoing basis

### **Results:**

Final PBM vendor negotiations conducted by Truven Health resulted in a total gross savings of more than 17 percent of the total prescription drug costs. Overall financial ROI of the RFP project was more than 50:1.

## FOR MORE INFORMATION

Send an email to [employer@truvenhealth.com](mailto:employer@truvenhealth.com), call **+1.866.263.1958**, or visit us online at [truvenhealth.com/employer](http://truvenhealth.com/employer)

### CLIENT D: \$774,000 in Savings Achieved From a PBM Discount Validation Audit

#### Business Challenge:

Client D wanted to validate its PBM's compliance with contractual pricing guarantees.

#### Course of Action:

- Truven Health analyzed 100 percent of Client D's claims to compare its actual utilization and discounts against the PBM's contract to verify:
  - Guaranteed pricing terms
  - Discount performance against the Average Wholesale Price (AWP)
  - Dispensing fees for retail, mail, brand, and generic claims
- Multiple missed contractual guarantees were revealed by our audit
- We worked with Client D and the PBM to reconcile our audit results and achieve financial recovery from the PBM

#### Results:

We helped Client D recover \$774,000, or 4 percent of its annual gross drug spend. The overall ROI was more than 10:1.

### CLIENT E: 10.5 Percent Savings Achieved via PBM RFP

#### Business Challenge:

Client E was interested in evaluating alternative PBMs and acquiring bids from vendors.

#### Course of Action:

- Truven Health generated a customized RFP based on Client E's specific business needs relating to spend, operations, and services
- Based on Client E's size and the level of complexity of its pharmacy benefits, four PBM vendors received and responded to the RFP
- We entered into PBM contract negotiations on behalf of Client E, securing all pricing points and ensuring ongoing measurement and reconciliation of contract performance
- Initial price offers yielded an 8.3 percent gross savings over Client E's current pharmacy benefit plan

#### Results:

We conducted PBM finalist negotiations and Client E transitioned to a new PBM vendor, resulting in a total savings of 10.5 percent and more than 25:1 overall financial ROI.



#### ABOUT TRUVEN HEALTH ANALYTICS

Truven Health Analytics delivers unbiased information, analytic tools, benchmarks, and services to the healthcare industry. Hospitals, government agencies, employers, health plans, clinicians, pharmaceutical, and medical device companies have relied on us for more than 30 years. We combine our deep clinical, financial, and healthcare management expertise with innovative technology platforms and information assets to make healthcare better by collaborating with our customers to uncover and realize opportunities for improving quality, efficiency, and outcomes. With more than 2,000 employees globally, we have major offices in Ann Arbor, Mich.; Chicago; and Denver. Advantage Suite, Micromedex, ActionOI, MarketScan, and 100 Top Hospitals are registered trademarks or trademarks of Truven Health Analytics.

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