

INTEGRATING PHARMACY AND MEDICAL BENEFITS

WORKING TOGETHER WORKS BETTER

Should you outsource your pharmacy benefits, or choose an integrated approach?

It's a big decision, because the right choice can mean lowering total health care costs and helping improve the well-being of your employees.

Employers often think they'll save money by carving out their pharmacy benefit. And sometimes they do, in the short run. But pharmacy benefit pricing can be complicated and confusing, so it's hard to know if a quoted price is really the true cost of the pharmacy benefit. Carving out may look good on paper, but it may not be the healthiest solution for your business or your employees.

CARVE OUT MODEL



Pharmacy benefits and medical benefits are managed separately by two different companies.

CARVE IN MODEL



The medical insurer and pharmacy benefit manager share data to understand the entire scope of the patient's health, leading to improved outcomes and lowest total cost of care.

DRUG COSTS



Account for **35%** of total health care costs
Expected to breach **45%** by 2024.¹

DRUG SPEND



70% under pharmacy benefit
30% under medical benefit

DRUG SUPER SPENDERS



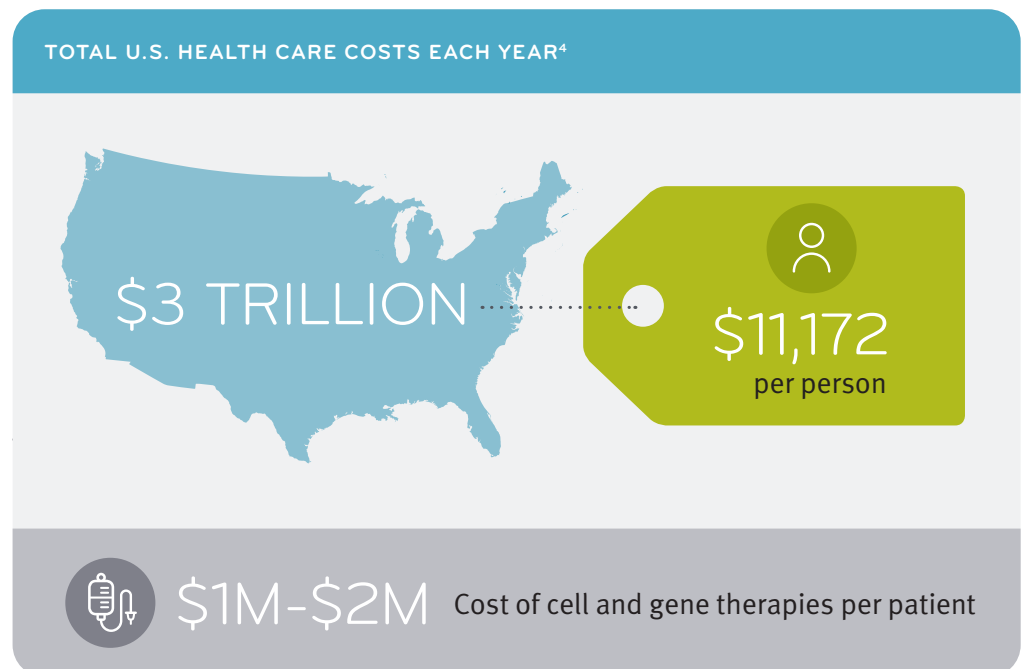
\$250K+

By 2025, patients who spend greater than \$250,000 per year in drug costs will account for 15% of total drug spend.²

Pharmacy costs are rising because specialty drugs are rising

It's no secret that health care costs are rising. One reason: an increase in the number of new specialty drugs that treat chronic conditions at an extreme annual cost, frequently more than \$250,000 a year. Advances in science and medicine have created more life-changing treatments. In fact, 48 new drugs were approved in 2019 by the Food and Drug Administration — more than half were specialty drugs.³ And they come at a premium price.

The cost of a specialty drug can fall under the medical or the pharmacy benefit. With more offerings in the pipeline, these new treatments will continue to drive up costs on both sides.



RISKS OF CARVING OUT PHARMACY BENEFITS

- MAY INCREASE MEDICAL BENEFIT COSTS
- COULD RESULT IN HIGHER TOTAL HEALTH CARE COSTS OVER TIME
- MORE ADMINISTRATIVE WORK FOR EMPLOYER
- MORE CONFUSION FOR EMPLOYEES

Carving out may lower pharmacy costs, but it could increase costs for your medical benefit

Pharmacy and medical benefits are the yin and yang of health care. They generally cover different areas, but many prescription drugs can be billed on either benefit. When the benefits are integrated, they work together to lower medical costs.

Carving out pharmacy benefits means those efforts are separated, so you lose the alignment needed to deliver the best outcomes. For example, if the pharmacy benefit manager doesn't have direct access to important medical data, they can't help create the best health outcomes for your employees.

The best care is coordinated care

Many studies have linked integrated pharmacy benefits to better health outcomes. Choosing Prime Therapeutics (Prime) as your pharmacy benefit manager gives you that connected model. With Prime, medical and pharmacy plans work together to help improve overall employee health and lower costs. Providers and pharmacists can quickly access information to help employees understand their conditions and their treatments. And employees understand the importance of staying on their treatments to stay healthy.

Prime's award-winning and peer-reviewed study

In an award-winning study coauthored by researchers at Prime and a Blue Plan, an integrated approach was shown to deliver \$148 less in medical costs per member per year on average. Plus, a carve-in model offers a more coordinated approach to every aspect of care. This study, to our knowledge, the only scientifically peer-reviewed study published on the subject. The authors received a platinum ribbon for this research, which is published in the peer-reviewed *Journal of Managed Care & Specialty Pharmacy*. Plus, a carve-in model offers a more coordinated approach to every aspect of care.

4 REASONS WHY INTEGRATION WORKS BETTER

- HELPS LOWER MEDICAL COSTS
- HELPS PROVIDE BETTER HEALTH OUTCOMES
- OFFERS EASIER BENEFITS ADMINISTRATION
- HELPS IMPROVE EMPLOYEE EXPERIENCE

OUR DATA MAKES A DIFFERENCE



↓ \$148

Average savings on medical costs PMPY⁵



↓ 15%

Lower hospitalization rates⁵



↓ 7%

Lower ER visits⁵

COSTS FOR EMPLOYEES WITH CHRONIC CONDITIONS (ASTHMA, DEPRESSION, DIABETES AND COPD)

↓ 12-17%

lower associated total costs⁵

↓ 16-20%

fewer ER visits⁵

↓ 22-36%

fewer hospital visits⁵

Making a close connection even closer

Prime was created by Blue plans to be an integrated partner. That unique relationship gives us deeper access to the medical data we need to close gaps in care and offer safe, cost-effective treatments. It allows us to create an airtight seal on the pharmacy/medical connection. No other pharmacy benefit manager can offer Prime's level of integration.

FOR MORE INFORMATION ON PHARMACY AND MEDICAL BENEFIT INTEGRATION, VISIT [PRIMETHERAPEUTICS.COM](https://www.primetherapeutics.com)

¹ Prime internal data, 2020.

² Bowen K, Starner C, Gleason P. 2016 to 2019 Trend in Integrated Total Pharmacy Plus Medical Benefit Drug Spend — Doubling of Members with Extremely High Annual Drug Cost within a 17 Million Commercially Insured Population. Academy of Managed Care Pharmacy: Nexus virtual meeting October 2020. Accessed March 31, 2021: <https://www.primetherapeutics.com/content/dam/corporate/Documents/Newsroom/Pressreleases/2020/document-2020-amcp-superseponder.pdf>

³ Prime 2020 drug trend report.

⁴ "U.S. health spending rose to \$11,172 per person, but ticked down as share of national economy for first time in years." (December 6, 2019). Kaiser Health News.

Accessed March 31, 2021: <https://khn.org/morning-breakout/u-s-health-spending-rose-to-11172-per-person-but-ticked-down-as-share-of-national-economy-for-first-time-in-years/>

⁵ *Journal of Managed Care and Specialty Pharmacy*, Medical Costs and Health Care Utilization Among Self-Insured Members with Carve-In Versus Carve-Out Pharmacy Benefits, leveraging Cambia Health Solutions self-insured BCBS Plan member data, June 2020. Accessed March 31, 2021: <https://www.jmcp.org/dol/pdf/10.18553/jmcp.2020.19411>