

## CASE STUDY

# CARVING OUT PRESCRIPTION BENEFITS

**A skeptical employer gains control of its prescription benefits and protection from rising prices.**

## THE CHALLENGE

A division of a Fortune 200 drug maker relied on a respected health plan for both medical and pharmacy benefits for several years. But as the group grew and the cost of the drug benefits increased, they considered contracting separately, or carving out, pharmacy components of the benefit. A carve out would give the company greater control over the benefits and costs. It could also give it a better view into the utilization of its employee population and, in doing so, shed light on ways to bend the cost curve down. But on the HR team there were skeptics. Would this add to their workload? Were they inviting administrative headaches? How would they handle employee and member phone calls about exceptions, denials, and other problems? Could the labor involved in prior authorizations derail other initiatives? Carve out proponents in the company prevailed. After considerable due diligence and a competitive process, the company selected Abarca.

## THE APPROACH

The analytics team at Abarca completed a careful analysis of the client's claims data and found significant opportunities for savings without member disruption. Abarca assigned a team with the skills and resources necessary to design a pharmacy benefit that would keep cost down, and provide a stellar member experience, all without adding to the workload of the HR team. But, to convince skeptics, Abarca committed to guaranteeing a cap in the low single digits for inflation for the average prescription cost. This approach is something unheard of in the industry.

## THE RESULTS

The new solution was implemented in only 45 days, quickly moving to adding value. Abarca's call center efficiently handled inquiries from employees, providers, and pharmacies, allowing the client HR team to focus on other business priorities. The HR department received detailed financial analyses through an easy-to-understand dashboard and business intelligence tools. And through a combination of formulary management, pharmacy network design, channel management, and negotiations with pharmaceutical companies, Abarca effectively kept inflation to 3% or less for the next two years. The skeptics were won over. Managing the program was as easy as ever, and savings and satisfaction grew thanks to better tools and a partner that was transparent, trustworthy, and 100% committed to finding a better way.

# 100%

Partner commitment

# <3%

Inflation for two years



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