

Early Warning of PBM Cost Overruns Saves \$1.5M

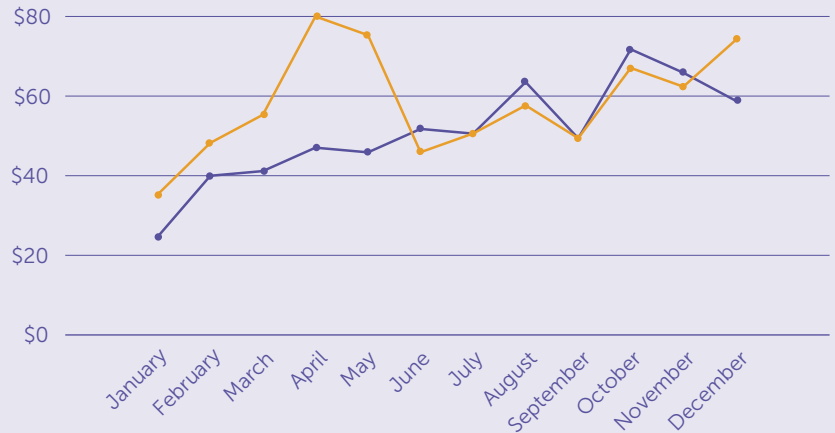


Healthcare Provider



30,000 Covered Lives

PBM Spend (per employee per month)



Wellnecity armed me with the timely and detailed fact base necessary to challenge the PBM and get changes implemented to get us back-on-track for the rest of the year.

— VP of Risk Management

ISSUES

- PBM spend +29% budget a few week into January, reaching +53% by April
- Spike in pharmacy benefits risked a major overage in pharmacy benefits/business profitability for the year

SOLUTION

- Wellnecity's Financial Control

IMPACT

- Through timely intervention, Rx spend returned to budget for the remainder of the year
- Avoiding a potential \$1.5M overage

EARLY WARNING

The VP of Risk Management had to add a new pharmacy benefits manager (PBM) to his plan line-up. He had not worked with this PBM previously. Wellnecity gained a direct feed from this new PBM in order to analyze spend directly from claims data received weekly. Only a couple of weeks into the new plan year, Wellnecity alerted him to the fact that their spending was 29% above budget.

FACTS VS. FICTION

The VP of Risk Management alerted the PBM immediately and they responded that it was too early into the plan year to conclude there was a problem. With Wellnecity's help, he analyzed the underlying drivers of the negative deviation and continued to monitor the escalating spend beyond budget. Given a nearly 30,000 workforce, the per member spend deviation at 53% above budget was now having a material impact. He was getting lots of pressure from management to get the spend under control. By week five, the VP of Risk Management was confident in the underlying drivers of spend (several high-cost claimants and newly added drugs to the formulary) identified by analysis at the member and individual drug level. Armed with this information, he met with the PBM in February, convinced them there were issues to address, and put forward the action plan devised with the Wellnecity team.

BACK-ON-TRACK

By identifying the issues and underlying drivers early, the VP of Risk Management was able to have an action plan to remediate going into March. He worked to address individual high-cost claimants, modify the formulary with the PBM, and take other actions to address the identified spend drivers. With Wellnecity's monitoring and counsel, he saw his PBM spend return to budget by June and stay at the budgeted trend line or below for the remainder of the year, saving \$1.5M.