



PBM Benchmark Report

Challenge

A multi-line business health system sought to validate the competitiveness of its ~50,000 member health plan's current contract rates and secure the best possible contract for the last year of their PBM agreement. While the plan's population and market share continued to grow rapidly, it was crucial to consider interim savings and improvements in the remaining year of the agreement. The health system and Axia anticipated the possibility of a full marketplace RFP while negotiating the initial contract to get the best competitive rates and improved contract language.

Solution

Axia benchmarked the health plan's contract with the incumbent against market standards and provided detailed financial modeling that illustrated an opportunity for improved financial terms in the agreement. The assessment included determining if additional savings could be secured through negotiation, as well as an analysis of each individual component of the health plan's PBM contract for marketplace competitiveness.

Outcomes

Axia's benchmarking resulted in representing an 4% marketplace improvement over the current contract terms. A one-year renewal was signed to allow time for full marketplace review. The one-year renewal secured savings of \$1.3 million and through Axia's thorough benchmarking exercise and negotiation strategies, the incumbent:

- Improved contract language and definitions
- Reduced the admin fee by 2%
- Increased the Pharmacy Management Fund

Axia continues to support the health plan in its relationship with its PBM, and as the final year of the contract comes to a close, the health plan and Axia are exploring further strategies to ensure that the health plan's pharmaceutical benefit remains competitive moving forward.



For 20+ years, Axia Strategies has assisted hundreds of clients find the way through challenging, costly and complex areas of healthcare. Our expertise is provider-agnostic and independent to deliver transparent and optimal solutions.

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