

## The Way Through Complex, Costly, and Challenging Areas of Healthcare

### Pharmacy Consulting Service Overview

Prescription drug prices are expected to rise year over year and continue to outpace other areas of healthcare spend; especially as the pipeline of specialty drugs continues to grow at a rapid pace. While less than 5% of members use specialty pharmacy benefits, they typically account for more than 50% of an organization's pharmacy spend. This is why it has never been more important to have guidance and oversight for pharmacy spend in order to effectively control this area of claim cost.

Founded in 1998, Axia Strategies is a healthcare consulting organization serving a wide range of clients with a strong history in providing unique services and solutions with a meaningful cost control impact. Axia's pharmacy management team has expertise delivering customized, consultative solutions across every facet of pharmacy spend.

**With significant and proven skills, our consulting team will provide solutions that will help drive results across all areas of your pharmacy spend.**

### Our Capabilities

- Pharmacy Benefit Manager Contract Benchmarking
- Request for Proposals, Renewal, or Market Check Evaluations
- Contract Negotiation
- Utilization Management Review and Independent Reporting
- Clinical Management/Formulary Review
- Auditing Services

### PBM Contract Evaluation - Report Card

#### How We Can Help

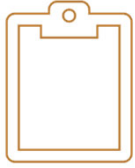
Let our team provide a competitive analysis of your current PBM Agreement through our Report Card Process. We will utilize our extensive industry knowledge and vast database of PBM financial arrangements to assess areas that exceed, meet, or lag the market for comparable plans.

The resulting Report Card will provide a grading of the alignment with the market, as well as commentary around best in class contract provisions and financials.

#### Areas of Evaluation

- + Underlying definitions and methodology
- + Guaranteed AWP Discounts (Brand and Generic at Retail, Retail 90, Mail Order)
- + Specialty Drug Pricing
- + Rebate Sharing and Guaranteed Minimums
- + Dispensing Fees
- + Administrative Fees
- + Performance Guarantees and Penalties
- + Credits and Allowances





## Results

The Report Card Summary Report will provide you with:

- + **An overall contract assessment compared to current market**
- + **Focus areas for negotiation**
- + **Input for strategy development around contract renewal or RFP**
- + **Recommendations for requirements and requests to improve contract language**

## Case Study

### 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 results represented a 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.*

**Ready to find your solutions? Let's chat.**

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