zakipoint Health

Rising Rx costs

$141K potential savings found in pharmacy costs for a client

This ebook is about the steps you can follow to understand pharmacy cost drivers and take steps to save on rising Rx costs

Problem

We work with a company called *Bridgewater Health* (masked name). In one of our client meetings, they discussed some of the challenges they are facing with one of their employers especially around <u>rising pharmacy costs.</u>

They were having difficulties with the following:
- Steps to take to understand Rx cost driver
- How to capture savings
- Tracking the data consistently to see trends

This particular group's Rx costs increased by **31.2%** since last year.

Bridgewater Health is unsure about missed and potential savings for this client.
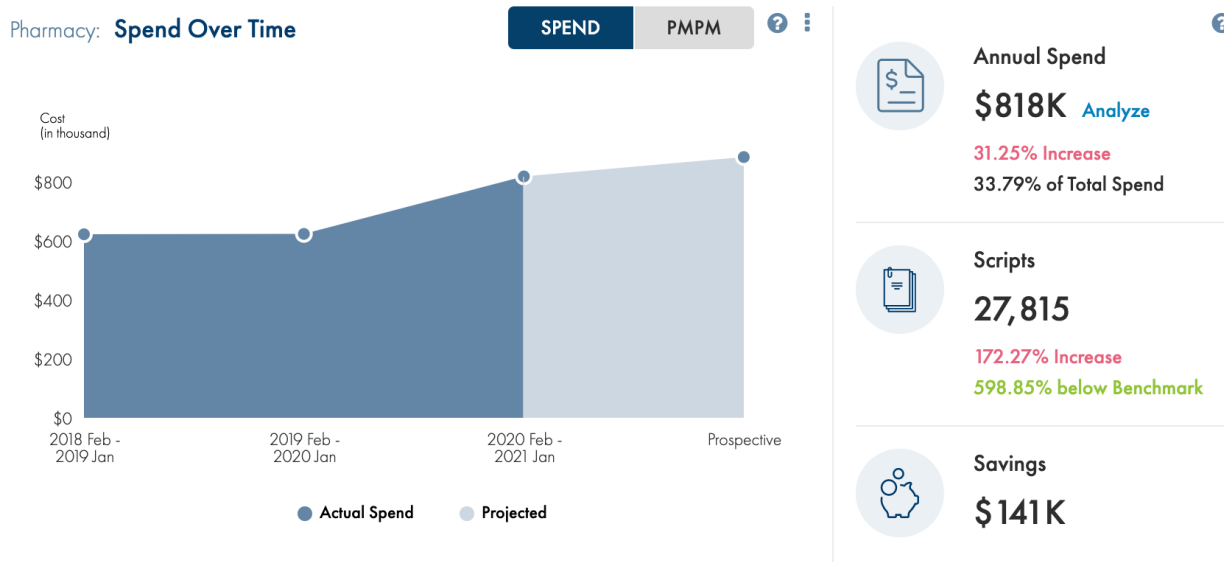
How can BH help the client?

BH reiterated their main pain points in the hope of finding a solution:

- They want visibility on the following related to Rx costs:
  - Annual spend on pharmacy
  - Total brand drug spend
  - Non-formulary and specialty drug spend
  - Potential savings
  - Retail pharmacy use
- They lack an effective tool to engage members and let them know about alternatives to retail pharmacy and branded drugs

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Solution

zakipoint Health works with BH to understand a detailed account of the ever-rising pharmacy costs. Using our four-step approach of IACT - Identify (the problem), Act (take an action), Connect (connect with members), and Track (all actions and programs), and analyzing the client's data, ZPH found:
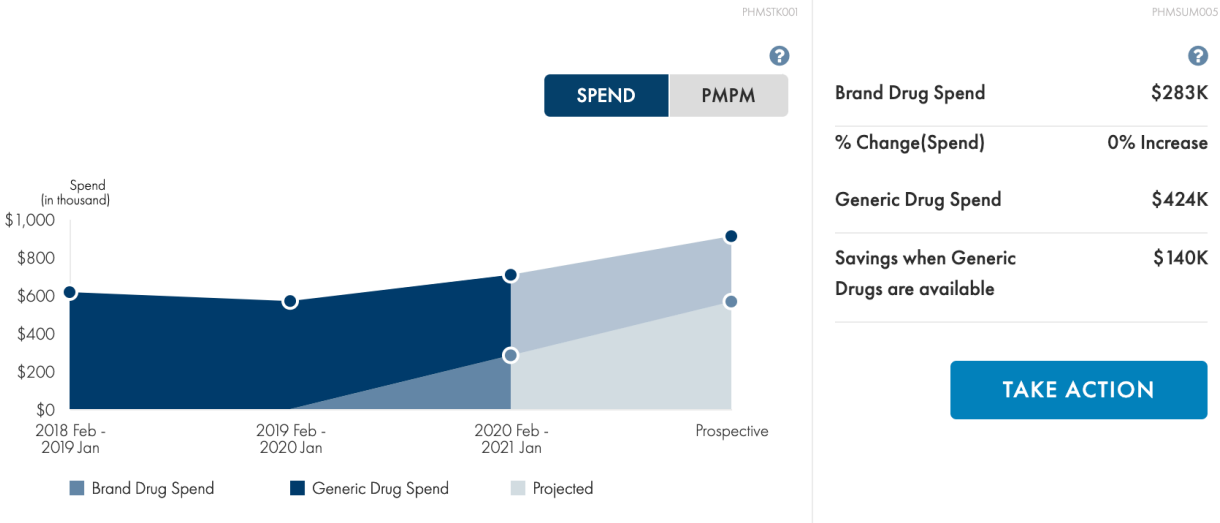
• They had an annual spend of **$818K** in pharmacy costs
• The Rx costs accounted for **34%** of the total spend
• There was a **32%** increase from the previous year
• There was also an opportunity for savings of up to **$141K**

Pharmacy: **Spend Over Time**   SPEND   PMPM

Cost
(in thousand)

$800

$600

$400

$200

$0
2018 Feb -   2019 Feb -   2020 Feb -   Prospective
2019 Jan   2020 Jan   2021 Jan

● Actual Spend   ● Projected

Annual Spend
$818K Analyze
31.25% Increase
33.79% of Total Spend

Scripts
27,815
172.27% Increase
598.85% below Benchmark

Savings
$141K

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Brand drugs

The total spend on branded drugs was $283K. This accounted for **35%** of pharmacy spend. The potential savings when generic drugs are available are **$140K.** The top 5 drugs in this branded category were Enbrel, Humira, Xeljanz, Otezla, and Kevzara.

Pharmacy: **Brand Drug Use**

PHMSTK001

SPEND   PMPM

Spend (in thousand)

$1,000
$800
$600
$400
$200
$0

2018 Feb - 2019 Jan | 2019 Feb - 2020 Jan | 2020 Feb - 2021 Jan | Prospective

■ Brand Drug Spend   ■ Generic Drug Spend   ■ Projected

PHMSUM005

|	
Brand Drug Spend	$283K
% Change(Spend)	0% Increase
Generic Drug Spend	$424K
Savings when Generic Drugs are available	$140K

TAKE ACTION

Retail pharmacy use

Upon further analysis, ZPH found out that the retail drug spend was **$717K.** There was a **26%** increase from last year and a significant amount of savings involved if members switched to mail order.

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What's next?

BH sent out *customized campaigns* to members to encourage them to use mail order as opposed to retail pharmacy. A customized campaign was also sent on switching to generic drugs from brand drugs where alternatives were available.

Through the zConnect app, the members were easily able to identify the cost savings in mail order and generic drugs.

BH considered putting a lifestyle management program for arthritis based on the top 5 drug consumption relating to RA.

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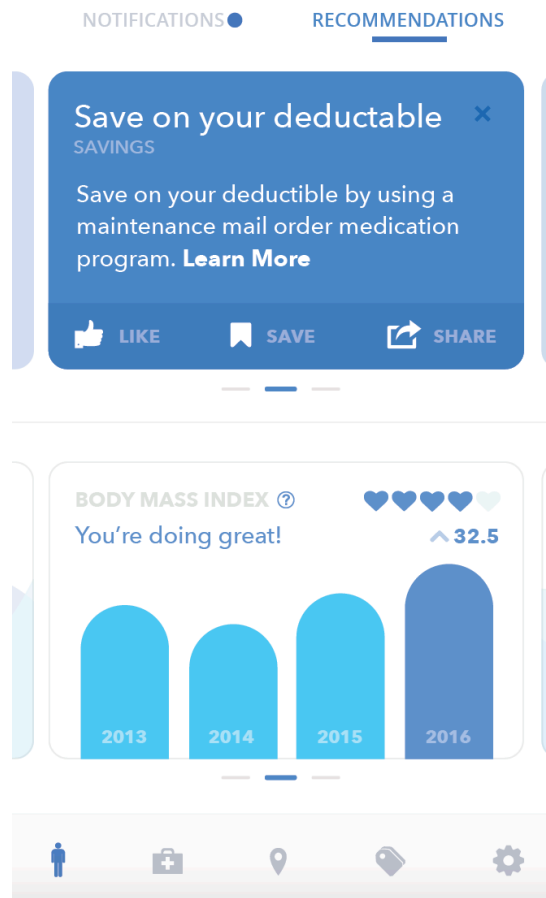
Success

Working with ZPH, BH was successfully able to:

1. Understand data to pinpoint and reduce healthcare cost drivers

2. Motivate behavior change at cohort level through personalized and relevant communication

3. Close member gaps in care, reduce ER usage, and Rx costs

What real life clients are saying about ZPH

> "   As a diabetes care management program leader for self-funded health plans, integrating diverse datasets from multiple sources was always a challenge. ZPH has been user-friendly, created efficiencies, and has been supportive while willing to work with my team in integrating those datasets and turning them into visual success stories. I appreciate the ability to drill-down to details of each patient's diagnoses, utilization, biometrics, gaps in care, and medication regimen. "
>
> **Ron DeVizia**
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