Strategies to Lower Employee Health Plan Pharmacy Spend

Clearway Health

INTRODUCTION

A nonprofit, community-directed health system based in the northern Midwest with an owned health plan, operating 18 hospitals and 100+ outpatient locations, launched a partnership with Clearway Health in 2022 for development and management of internal specialty pharmacy services. The specialty pharmacy is currently serving 251 employee patients filling more than 150 prescriptions per month.

The health system was challenged as members of their health plan - their own employees and their dependents - were choosing to use outside contract specialty pharmacies or non-contract third-party pharmacies, at significant cost to the health system. The health system realized they could achieve significant employee health plan savings while at the same time increasing pharmacy revenue by utilizing their established in-house specialty pharmacy. They called on the expertise of Clearway Health for channel and formulary management, reduction in specialty pharmacy spend on employee prescriptions and ideas to improve employee wellness.

FINANCIAL PICTURE BEFORE THE TRANSITION

- Employee Health Plan (EHP) paid $24.8 million to cover 93.4% of prescription costs
- 63.3% (75,926 prescriptions) were filled by in-house pharmacies for a plan paid cost of $10.1 million
- Majority of spend ($12.9 million or 52% of total EHP spend) was on specialty pharmaceuticals while only representing 1.5% of the prescription volume
- Majority of specialty prescriptions (1,388) were filled by contract pharmacy at a total cost of $9.5 million

STRATEGIES TO LOWER EHP PHARMACY SPEND

Decrease pharmacy utilization with preventative medicine, health and wellness initiatives and non-pharmacy interventions

Decrease pharmacy expenses

- Improve formulary management
- Lower ingredient costs
- Focus on channel management
- Utilize lower cost of care sites
- Steer to internal pharmacies

PROCESS AND PLANNING

Goals

Transition of EHP members to owned specialty pharmacy as preferred provider

Ensure seamless transition for employee health plan members to maintain high employee engagement

Financial improvements ($1 million reduction in EHP spend) realized by the health system

Alignment to overall system strategy of keeping patients in system, and same or enhanced level of care coordination

More accessible pharmacy services including an option for in-person pick up

Process Overview

1. Engaged stakeholders in finance and strategy to outline program goals
2. Ensured the program aligned with overall health system strategy
3. Established continued workgroup meetings for transition planning
4. Developed detailed project and communications plans
5. Completed transition planning and proactive enrollment of members
6. Created in-house pharmacy-driven program to transfer outside prescriptions into the health system pharmacy

Process Details

Phase 1

Calculate savings on drug spend by reviewing prescriptions that would qualify for 340B and lost drug rebate savings via claims review

Craft communications to EHP-affected patients of the change occurring, including multi-channel communications (emails, mail, direct phone calls, open enrollment materials)

Review space for additional drugs in pharmacy

Increase allocation numbers for ordering as well as in-stock medications to ensure ability to order additional product; estimate additional shipping costs

Phase 2

Work ahead of conversion – connect with patient's legacy pharmacy and perform prescription transfers or contact patient's physician to obtain a new prescription

Use existing EHP claims data to identify outside pharmacies and coordinate any transfer of patient assistance programs to internal pharmacy database

Robust 340B claims review on newly filled EHP claims to assure maximum 340B savings

Leverage any pre-existing Medication Therapy Management (MTM) services to enroll new EHP patients and maximize clinical care as well as 340B opportunity

Phase 3

Gathered first three months of prescription data to review drug spend, drug cost and savings to inform future changes to reimbursement

Continuously monitor EHP claims data to identify new candidate patients for transfer into the internal pharmacy program (avoid leakage to outside pharmacies)

Develop process to qualify additional EHP prescriptions from outside providers for 340B savings, which could include formal 340B referral programs

Leverage in-house claims data to review patient adherence to medications, driving better outcomes through patient adherence and elimination of barriers to medication access

RESULTS

The health system amended the employee health plan pharmacy benefit to position in-house specialty pharmacy as the preferred specialty pharmacy provider for employees and dependents. They also retained contract pharmacy and other PBM preferred pharmacies as secondary providers for unavailable limited distribution medications and out-of-state needs. Lastly, the health system determined pharmacy contracted payment terms to accommodate loss of rebates and with EHP financial impact in mind.

Overall results of this program include a significant decrease in EHP total spend by using a specialty pharmacy services provider (Clearway Health). By increasing the EHP prescription capture within the health system, filling the prescriptions in their own pharmacy and utilizing 340B savings, they achieved a 21% margin before additional savings from rebates on non-340B prescriptions at the pharmacy.

EHP Spend	Drug Cost	Savings
$3,449,278	$2,712,129	$737,148

Data from 1/1/24 to 3/31/24
12-month trend on target to meet or exceed $1,000,000 savings initiative in the first year of the program.