

Mercy Health & MedImpact

A Partnership to Improve Care, Lower Costs and Drive In-House Utilization



THE CHALLENGE

Mercy Health, the largest health system in Ohio, had nine different plan designs, various formularies, increasing costs and employee health improvement opportunities. The Human Resources and Pharmacy Departments worked independently of each other. Mercy wanted to bring the departments together to better align their own internal benefits management and make better use of their owned pharmacies, which required flexibility from their pharmacy benefit manager (PBM).

Mercy's challenges included:

- Channel management limitations that reduced control over their pharmacy spend when there was an opportunity to benefit from their owned pharmacies' acquisition costs across specialty and traditional drugs
- Specialty drug costs were on the rise, and they needed a creative solution to maintain access yet reduce costs
- Lack of alignment between Mercy's inpatient and their former PBM's formularies
- Lack of budget to implement clinical programs for their own staff to improve employee health

Mercy needed a PBM with advanced solutions to help:

- Optimize plan design and formulary alignment
- Drive in-house utilization and maximize channel management
- Manage and reduce specialty spend
- Implement clinical intervention programs to improve employee health



THE SOLUTION

Mercy partnered with MedImpact — a PBM with specialized experience in serving hospitals and health systems — to create aligned pharmacy solutions with a building block approach. MedImpact worked with Mercy to build a four-fold solution to optimize plan design, align formularies, make use of their owned delivery channels and control specialty spend.

Optimizing Plan Design & Aligning Formularies

- By supporting a custom formulary design with customized exclusions, edits and prior authorization review, MedImpact helped Mercy optimize plan design
- Implementing MedImpact's utilization management solutions helped Mercy reduce wasteful spending on non-essential drugs by replacing them with lower-cost, clinically equivalent alternatives
- To help Mercy further optimize plan design, MedImpact integrated nine different plan designs into three

Mercy Health at a Glance

As the largest health system and fourth largest employer in Ohio, **Mercy** provides benefits to more than

48,000
members

Mercy operates 23 award-winning hospitals and 25 retail pharmacies across Ohio and Kentucky, including mail-order and specialty pharmacies.





THE SOLUTION

Driving In-House Utilization & Maximizing Channel Management

MedImpact implemented a multi-faceted approach to dramatically increase in-house utilization and deliver significant savings, including:

- Restricting non-Mercy retail pharmacies and excluding one major retailer from their network
- Carving out mail order and specialty away from PBM and redirecting to Mercy's in-house mail-order and specialty pharmacies
- Implementing evolving channel management solutions to increase in-house utilization and drive mail-order use with 90-day fills to improve adherence.

Managing & Reducing Specialty Spend

In addition to using Mercy's owned specialty pharmacies to help manage escalating specialty spend, MedImpact implemented its Variable Coupon & Accumulator Copay Programs to improve adherence and lower plan and member costs across multiple disease states, including diabetes, autoimmune, hepatitis C, multiple sclerosis and oncology. Coverage shifts for certain injectable medications from the medical to pharmacy benefit further reduced specialty costs.

“ These are our colleagues — they're the people we work with everyday. They are also diabetes patients suffering a high number of cardiac events, amputations and pregnancy loss.

We need to do everything possible to improve their care, lower costs and reduce adverse outcomes.

— Chief Pharmacy Officer, Mercy Health ”



THE RESULTS

Mercy saved \$10.5 million, which allowed them to invest in an employee population management program. They implemented an intervention program using MedImpact's Quality Performance Monitoring Program (QPMP) to improve employee health.



Overall Optimization Results

-15.66% total trend reduction based on grand net savings[†]

\$10.5 million in savings from total solution optimization^{††}

\$19 PMPM in savings from total solution optimization^{††}



Driving In-House Utilization

77% increase in utilization of Mercy's in-house pharmacies*

\$4.4 million saved annually over typical PBM pricing**

Significantly Reducing Specialty Spend

\$1 million Annual savings due to coupon program

6.5% Plan paid PMPM savings

\$3.7 million Plan savings due to injectable medication coverage shifts from the medical to pharmacy benefit in 2017^{††}

97.2% Variable copay member savings due to reduction in out-of-pocket costs

[†] Based on 2017 results annualized for the full year, the health system's pharmacy program cost and cost savings comparing to prior PBM contract to MedImpact model

^{††} Estimated True Net PMPM versus adjusted benchmark after rebates, in-house purchasing discounts and cost before additional medical to Rx injectable drugs shift Q4 2017.

* Driven by delivery channel initiatives of all Rx to in-house pharmacies (Q4)

** Estimated savings

Learn More

Don't pay more than you should.

To learn how we can help hospitals and health systems lower costs and improve care, contact your sales or account executive, email info@medimpact.com or visit pbm.medimpact.com.

MedImpact, an independent, trend-focused pharmacy benefit manager (PBM), is the nation's largest privately held PBM, serving health plans, self-funded employers and government entities. Our unique business model aligns us with our clients. We focus on effectively managing pharmacy benefits to promote Lower Cost and Better Care through One Source.