

Pharmacy Benefit Integration: A Connected Approach to Total Medical Cost Savings

Pharmacy and medical benefit integration's most meaningful value lies in obtaining a comprehensive understanding of someone's health journey. An effective way to control health care costs for all stakeholders and improve overall wellness is to understand and manage health conditions in their entirety, not just the prescriptions. This article highlights (1) how pharmacy and medical benefit integration provides a more holistic view of health, (2) how individuals inquiring about their pharmacy benefits can be successfully engaged to participate in health coaching and other programs available through their medical benefits, (3) how integrated data provides real-world insights for evaluating the value that drugs and health management programs deliver and (4) what plan sponsors might attain in cost savings through the use of integrated benefits.

by **Michelle Vancura** | *Cigna*

The best financial and clinical outcomes for individuals and plan sponsors can't be obtained simply by managing the cost of prescriptions; the focus needs to be on managing total, long-term health care costs. This means placing an emphasis on keeping employees healthy and productive—and managing the progression of disease for those at higher risk. Pharmacy and medical benefit integration provides a holistic view and understanding of employees' medical conditions. Those insights can be used to help individuals connect to appropriate care and resources across

their benefit plans. The results can be significant: A plan sponsor's overall health care spending may be reduced because members are using health-improvement and cost-savings opportunities.

Evaluating the net cost of prescriptions through a traditional checklist that includes items such as competitive pharma contracting, formulary management, step therapy and prior authorization is only part of the equation. By themselves, these items won't be effective at managing *total* health care costs for plan sponsors. These actions need to

be combined with the second piece of the equation—active employee engagement in their health. For example, what steps are employees taking to maintain or improve their own health? Are they taking their medications as prescribed? Are they making lifestyle changes that are important for improving their conditions? Are they open to working with a health coach? Are they aware of all the resources available to them through their benefits?

Take, for example, the growing prevalence in the United States of diabetes. In addition to the costs associated with getting blood sugar levels under control, a Cigna® study showed 52% of individuals being treated for diabetes also have another chronic health condition.¹ These may include heart disease, obesity, high blood pressure, high cholesterol, depression, neuropathy or end-stage renal disease. The combined medical and behavioral impacts of diabetes can lead to a need for multiple medications each day. It is easy to see that, in these cases, even an extremely competitive price on an insulin-regulating medication will not help control long-term health care costs. There is a need to manage an individual's total health across pharmacy, medical, behavioral and disability benefits and connect consumers in real time to the people, programs and other resources that can help improve their entire health situation. In addition, a holistic view helps in identifying those at risk—before they become chronically ill. Continuing the example, more than one out of three American adults have prediabetes and, without lifestyle changes, many

with the condition will go on to develop type 2 diabetes.²

When benefits are integrated, the pharmacy benefit becomes a frequent touchpoint that can be used to engage customers in coaching and other health programs available across their benefit offerings. Importantly, this touchpoint can be used to “catch” individuals who have ignored previous outreach efforts. When customers call with questions about their prescriptions, their health is top of mind, making them more receptive to taking positive actions. In fact, Cigna's data finds that 70% of individuals who are inquiring about their medications and are invited to work with a health coach agree to be transferred to that coach in real time.³ Of these, more than 90% go on to demonstrate progress toward their goals.⁴

Potential Cost Savings

Cigna analyzed the claims data of more than two million customers to compare those who had both Cigna medical and pharmacy benefits with those who had their medical benefits with Cigna but used an external pharmacy benefit manager (PBM). Customers were matched between the two groups on key attributes such as demographics, condition, utilization of services, plan design and geography. The matched analysis was run over 35 iterations to confirm the findings. The data showed that employers with integrated pharmacy and medical benefits achieved an average medical cost savings of \$77 per member per year (PMPY).⁵ In other words, a company

with 1,000 employees can anticipate saving \$77,000, on average, simply by taking an integrated approach with its benefits.

Two areas of focus were associated with over 70% of the medical savings.⁶ These areas were (1) greater engagement in health programs and care coaching and (2) helping customers manage a specialty drug condition. Customer engagement can make a significant difference in improving health and favorably impacting expenditures. The claims analysis revealed that when customers with chronic conditions interacted with a health coach, there was an average medical cost savings of \$320 PMPY.⁷

There were even more notable results when individuals with diabetes engaged with a health coach. These customers had 11.7% fewer inpatient hospital stays and 4.7% fewer emergency room visits compared with customers with diabetes who did not work with a health coach.⁸ These factors helped contribute to an average medical cost savings of \$740 PMPY, not to mention helping customers save on out-of-pocket costs associated with these events.⁹

Pharmacy Touchpoints for Increasing Employee Health Engagement

Customer interactions driven by the pharmacy benefit—such as pharmacy clinical counseling, filling home delivery prescriptions and customer service calls—create an opportunity to drive meaningful engagement in medical health and coaching programs. Instead

of keeping an inquiry regarding the pharmacy benefit transactional—e.g., How much will this drug cost me? Is there a generic version available? and so on—consider the advantages to being able to encourage someone calling about a medicine for diabetes to engage with a health coach, a weight-loss program, dietitian counseling or other resources available to them through their medical benefits.

Individuals who have ignored traditional outreach methods often are responsive to discussing management of their conditions or cost-savings opportunities when calling about their prescription needs. Cigna found that 86% of savings opportunities identified through incoming pharmacy service calls are *medical* benefit-related.¹⁰

Managing Escalating Specialty Pharmacy Costs

While only about 4% of Cigna customers take a specialty medication, they drive 26% of total health care costs.¹¹ The marketplace has seen tremendous specialty drug breakthroughs in the last few years, but some come with very hefty price tags. In addition, many complex medical conditions require multiple medications to treat comorbidities. While some specialty drugs can provide a cure, others halt the progression of disease. This means these drugs likely will be needed throughout an individual's life, making it even more imperative that the therapy and the customer relationship are managed effectively. In addition to greater customer engagement, a connected view across benefits enables:

- Greater collaboration with the treating health care providers
- Tighter care coordination among benefits, multiple medications and sites of care
- Evaluation of lab results to see if medications are having the desired effect
- Targeted efforts to improve medication adherence.

Benefit integration makes it easier to identify and close gaps in care. For instance, some patients with chronic medical conditions also experience depression and may find it helpful to be referred to behavioral health services. Others may benefit from working with a pre-disability vocational coach who can help assess and advocate for workplace accommodations. Short- and long-term disability durations have the potential to be reduced or prevented altogether when employee health is managed more effectively by connecting the right people, processes and technology at the time they are most needed.

Insights From Integrated Claims Data

Another advantage of benefit integration is the ability to look at combined data to measure outcomes. For instance, are individuals who use high-cost PCSK9 inhibitors seeing an effective reduction in cholesterol levels for the money they and their employers are spending? Are there other cardiovascular improvements for these individuals related to their treatment? Is the drug performing as promised by the manufacturer? Being able to evaluate and share real-world insights into


how a drug is impacting both health and overall medical costs can drive improved affordability and innovation from pharmaceutical manufacturers in two primary ways:

1. There is an opportunity to set the bar on expected, real-world outcomes for new medications entering the drug class.
2. The reimbursement conversation with pharma shifts from unit drug costs to the value delivered.

Being able to measure the effectiveness of a drug in the real world enables contracting arrangements with drug manufacturers in which financial incentives are aligned on value, not volume. Metrics are established in outcomes-based pharma contracts that link financial terms to how well customers respond to the medication. This helps ensure that customers' medications are actually working as, or better than, expected.

There are many other important insights gained from integrated claims data—including helping in the battle against opioid misuse. Integrated analytics help detect opioid use patterns that suggest possible misuse by individuals. A benefits administrator can then alert what may be multiple health care providers for one patient to this possibility so that individuals who do have substance use disorders can be identified more quickly and get the help they need.

The advantages of pharmacy benefit integration go well beyond the convenience and efficiency of having a single point of contact for both plan sponsors and employees. The value lies in hav-

ing a comprehensive understanding of an individual's health journey and making those care connections easier and more effective along the way. 

Endnotes

1. Cigna Your Health First® Program National Book of Business Analysis, 2015.
2. Centers for Disease Control and Prevention, *National Diabetes Statistics Report 2014: Estimates of Diabetes and Its Burden in the United States*. Atlanta, Georgia: U.S. Department of Health and Human Services, 2014.
3. Cigna book of business analysis of April 2016, based on inbound Cigna Home Delivery Pharmacy call interactions. Results may vary by client and based on benefit structure.
4. Ibid.
5. 2015 Cigna National Study of Value of Integration, analysis of clients with a combined medical and pharmacy plan vs. clients with Cigna medical and outside pharmacy benefit manager. Individual client results may vary and are not guaranteed.
6. Ibid.
7. Ibid.
8. Ibid.
9. Ibid.
10. Eighty-six percent of the engagement value of a large national account's customers calling Cigna Home Delivery Pharmacy in Q2 2014 was associated with the customers' medical plan costs. Results may vary by client and based on benefit structure.
11. Cigna specialty medication users, integrated pharmacy and medical benefits claim review. Integrated data source, January-December 2015.

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