

INGENIX[®]

Pharmacy
Analytics
Strategy
Group





Did You Know That. . .

Ingenix client trend is well below the industry average?

- Payers and employers are seeking strategies to manage rising pharmacy costs as reimbursement shrinks and regulations continually change.
- The time to market for drugs is shorter, which impacts formulary modeling.
- Medication adherence approaches are evolving as the critical success factor that impacts financial and clinical outcomes.

Drug costs represent approximately 10 percent of total health care costs, and the drug trend continues to rise at 10 percent to 20 percent per year.

Source: Kaiser Family Foundation

The Ingenix data warehouse has pharmacy benefit information for 20,000 benefit plans, 500 million pharmacy claims and has eligibility data for 20 million lives?

- Organizations face critical decisions about pharmacy utilization and how it impacts care quality and efficiency, network management, benefit design, as well as, regulatory and accreditation reporting.

Ingenix has the largest Medicare Part D repository outside of the Centers for Medicare & Medicaid Services (CMS)?

- Pharmacy data systems are the only real-time, nationally standardized access point in the health care system today.
- The traditional pharmacy management system of the past is changing rapidly, and so must the approach taken by payers and pharmacy benefit managers (PBMs).
- CMS, by law, audits 30 percent of Part D plans annually.

More than ever, payers and employers need a business partner that understands pharmacy.

Optimizing Pharmacy Management

The Pharmacy Analytics Strategy (PAS) group within Ingenix works with payers and employers and PBMs to optimize the accuracy, performance and results of pharmacy management processes. Ingenix brings together world-class capabilities in health economics, outcomes and market informatics into an integrated suite of services to enhance your current capabilities—not replace them. The PAS group provides its clients with detailed information about pharmacy utilization and outcomes, which enables clients to analyze overall performance and manage contract terms and revenues.

Health plans and employers rely on the PAS group to help them stay abreast of continual improvements in pharmacy management methodologies and leading technology,

enabling them to optimize their current solutions and tools. The PAS group delivers sophisticated solutions and innovative strategies to improve revenue-cycle performance, allowing payers to reveal unwarranted reimbursement stemming from errors, plan design and formulary impact – and help payers adhere to compliance requirements of Medicare Part D.

Employers benefit from PAS services by reducing their pharmacy expenses through expert analysis of benefit design, formulary modifications, revised co-pays and out-of-pocket limits, and through the evaluation of existing vendor contracts, such a pharmacy benefits managers (PBMs).

Pharmacy Analytics Strategy Group Service Offerings

<p>Predictive Modeling</p>	<ul style="list-style-type: none"> ■ Monitor Pipeline: <ul style="list-style-type: none"> • Price Impact– Patent expiration, AWP/MAC pricing changes. • New Products (i.e., brand, generics, biologics) price impact, utilization impact ■ Trend Management and Forecasting: <ul style="list-style-type: none"> • Evaluating future costs at National Drug Code (NDC) and therapeutic level • Understand the drivers for future trends, such as internal (i.e., change in plan design), and external (i.e., FDA recalls, etc.) ■ Rebate Solutions – Dilution of rebates due to inflationary pressures on price ■ Benchmarking based on Ingenix proprietary database
<p>Formulary Management</p>	<ul style="list-style-type: none"> ■ Value-Based Benefits – Evaluate patient adherence to medication, co-pay/ premium structure incentives, impact of financial and clinical outcomes. ■ Trend Management – Measure utilization and unit-cost projections using client-specific data, highlight decisions that can mitigate future trends, evaluate market adjustments, new products, new indications. ■ Specialty Pharmacy Analytics- Evaluate integrated medical and pharmacy utilization ■ Outcomes Analysis – Measurement of “post decision” impact on clinical and financial outcomes.
<p>Benefit Design Solutions</p>	<ul style="list-style-type: none"> ■ Scenario Planning – Leverage our sophisticated RxOptimizer tool to model costs when changing co-pays, pharmacy tiers, deductibles, out-of-pocket expenses, co-insurance, generics, multiple physician networks, multiple formularies. ■ Fraud and Abuse Analysis & Recovery – Optimize financial performance.
<p>Medicare Optimization</p>	<ul style="list-style-type: none"> ■ Prescription Drug Event (PDE) Analysis & Audit ■ Performance Evaluation & Planning – Identify opportunities for operational improvements. ■ Risk Optimization – Recapture incurred but not realized reimbursement (IBNRR), which equates to money left on the table. ■ Fraud and Abuse Analysis and Claims Cost Recovery.
<p>Payer & Physician Strategy</p>	<ul style="list-style-type: none"> ■ Physician Prescribing Behaviors ■ Integration Strategies – Pooling data from multiple sources (medical, behavioral, lab, socio-demographic etc.) to get a more complete picture of patients. ■ Vendor Management – Assessing performance of PBMs and other outsourced vendors.

Solutions and Technology

The PAS group provides its clients with a one-stop resource for experts with the knowledge to use leading technology to gather data, analyze results and deliver solutions. These tools and technology used by the PAS group include:

RxOptimizer – A proven data analytics tool that allows organizations to literally get answers in minutes, rather than having the IT staff take days or weeks to run reports. RxOptimizer enables executives to model strategies before implementation, and make timely decisions based on a clear understanding of the financial impact of a benefit change. RxOptimizer can be used for analyzing formulary changes, drug tiers, co-pays and more – all within minutes from a desktop computer.

A 2.5 percent trend reduction equals approximately a \$12 million savings for every 1 million covered lives.

Sources: Morgan Stanley Managed Care Industry Overview, and JP Morgan Managed Care Review in Outlook.

Unparalleled Data Warehouse Experience – Ingenix builds and maintains some of the industry's largest data warehouses, and leverages that experience within the PAS data analytics team. Ingenix maintains a dedicated team solely devoted to managing data warehouses for pharmacy analytics customers. This team has more than 97 years of combined experience in developing data marts and software tools. Our warehouse stores 10 terabytes of data, 500 million pharmacy claims, pharmacy eligibility for 18 million lives, and pharmacy benefit information for 20,000 benefit plans. As a result, PAS customers do not have to build data warehouses, nor maintain the IT and analytics staff necessary for operations/analysis.

Results

One payer client using RxOptimizer analyzed its historical pharmacy claims to determine the impact of changing its two-tier \$5/\$10 co-pay to a \$10/\$30/\$50 three-tier co-pay with a \$200 deductible. Using RxOptimizer, the turnaround time from input to output was less than 30 minutes. Results showed that the client would realize a 25 percent net savings if it implemented the proposed changes.

Using predictive modeling, another client was able to forecast the impact of drug inflation by understanding the impact of external economics on pricing at the therapeutic class and drug level and forecast the historical trends to determine cost and utilization impact. The results included formulary placement of drugs to maximize performance, as well as benefit design changes and a renegotiation with pharmaceutical companies to maximize rebate and pricing.

Pharmacy audits evaluate a broad area where potential cost increases can be avoided. Examples of what an Ingenix pharmacy audit has achieved:

- Savings of 1 percent to 5 percent of annual drug spend, depending on the depth of the audit.
- Fraud and Abuse Audit – Our industry experts have helped clients recover more than \$26 million in over payments.
- PDE Audit – Our client organization has a 97 percent successful PDE submission rate.

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