

THE VALUE OF Pharmacy Integration

THIS IS HOW

As health care costs rise, employers are looking for ways to control costs while improving the care experience for their employees. To make a meaningful impact, employers need to understand the total cost of care.

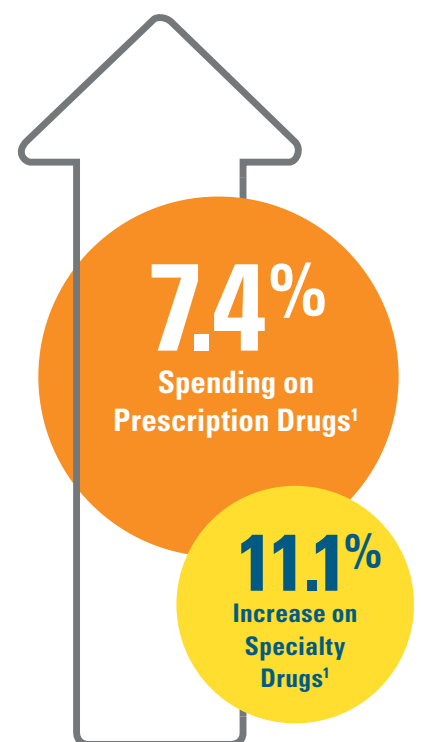
One key component is integrating medical and pharmacy benefit administration to lower costs and create a seamless experience.

Rising Costs Raises the Stakes

Despite a modest increase of just 3.4% in 2020, Mercer reports that the average cost for employer-sponsored health insurance jumped 6.3% in 2021 — totaling \$14,542 per employee. Spending on prescription drugs also accelerated in 2021, rising 7.4% for large employers specifically, and fueled in part by an 11.1% increase in spending on specialty drugs.¹

In the past, companies would often shift a portion of these rising costs to their employees. Yet in today's extremely tight labor market, organizations are already struggling to attract and retain key talent. To stay competitive, many organizations are looking to enhance their benefits rather than constrain them. In fact, 60% of plan sponsors report they will not make plan changes of any type to reduce expected cost increases in 2022.¹ This makes addressing total cost of care through medical-pharmacy integration that much more critical to alleviating the impact on companies' bottom lines.

Employees continue to feel the pinch of rising drug costs, too. More than 3 in 4 adults in the United States say the cost of prescription drugs are unaffordable — with nearly 1 in 3 saying they haven't taken medications as prescribed due to costs.²



More than 3 in 4 U.S. adults say prescription drugs are unaffordable²



Nearly 1 in 3 U.S. adults skip medications due to costs²



Majority of employers not making plan changes in 2022 to reduce expected cost increases¹

By integrating medical and pharmacy benefit administration, employers can deliver compelling advantages and significant value to their organizations and employees. It can improve care quality and lower your total cost of care.

Here are four key areas where a cohesive strategy can show results:

GREATER SAVINGS

Studies show carve-in pharmacy benefits can offer:

- Cost savings of \$148 per member per year (PMPY)³
- 15% lower hospitalization rates³
- 7% lower emergency room visits³

SEAMLESS EMPLOYEE EXPERIENCE

Your workforce enjoys:

- A single digital account and ID card*
- One deductible and out-of-pocket limit
- Holistic clinical support and guidance

IMPROVED HEALTH

Real-time analysis across medical, pharmacy, clinical and therapeutic data helps employees receive optimal care. This includes:

- Identification of at-risk employees for timely and targeted outreach
- Collaboration between providers to identify and close gaps in care
- Care coordination for chronic conditions

MEANINGFUL CUSTOMER VALUE

Integrated medical and pharmacy plan administration reduces complexity, employee confusion and administrative burdens by offering:

- Aligned medical and pharmacy policies
- Comprehensive reporting and tracking
- Tailored benefit design and guidance on lowest costs

Managing Specialty Drug Costs

One key driver of total cost of care is pharmacy spending — in particular, specialty drugs. While just 1% to 2% of all prescriptions are for specialty drugs, this fraction of utilization accounts for greater than 50% of all pharmacy spending.⁴ The most costly specialty drugs treat inflammatory conditions, cancer and multiple sclerosis.⁴

Some ways to keep costs down for the employer and the employee include:

- Taking advantage of negotiated discounts
- Getting medications from a preferred drug list
- Maximizing copay coupons from manufacturers to cover drug costs

There are also ways to keep clinical management costs under control, including:

- Making sure employees receive rare disease or cancer treatment from a center of excellence
- Providing specialized care/case management for rare and specialty conditions
- Implementing utilization management like prior authorization, quantity limits and step therapy criteria

TOP 5 Specialty Classes BY HIGHEST COST⁴

- 1 | Inflammatory Conditions
- 2 | Cancer
- 3 | Multiple Sclerosis
- 4 | Cystic Fibrosis
- 5 | Growth Deficiency



Learn more about how you can lower your total cost of care at [BlueCrossNC.com/ValueOfRxIntegration](https://www.BlueCrossNC.com/ValueOfRxIntegration).

*In some cases, vendor relationships may result in additional ID cards from those vendors.
¹ "Employer-sponsored health insurance cost rose sharply in 2021, outlook for 2022 is uncertain." Mercer: December 13, 2021. Online: www.mercer.us/newsroom/employer-sponsored-health-insurance-cost-rose-sharply-in-2021-outlook-for-2022-is-uncertain.html (Accessed March 2022).
² "How do prescription drug costs in the United States compare to other countries?" Peterson-KFF Health System Tracker: February 8, 2022. Online: www.healthsystemtracker.org/chart-collection/how-do-prescription-drug-costs-in-the-united-states-compare-to-other-countries/ (Accessed March 2022).
³ "Medical Costs and Health Care Utilization Among Self-Insured Members with Carve-In Versus Carve-Out Pharmacy Benefits." *Journal of Managed Care & Specialty Pharmacy*. Online: www.jmcp.org/doi/full/10.18553/jmcp.2020.19411 (Accessed February 2022).
⁴ "How employers can manage the cost of specialty pharmacy benefits." Willis Towers Watson: March 24, 2021. Online: www.wtwco.com/en-US/Insights/2021/03/rethink-specialty-pharma-benefits (Accessed March 2022).
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