

Walgreens has also invested time and money in recent years bolstering its specialty drug business, even as specialty drugs were growing to dominate the pharmaceutical marketplace. "The highest dollar value is in specialty drugs, and a lot of the most expensive are infusibles," Coffina says. "Walgreens knows if they want to be a leader in retail pharmaceuticals, they have to be a leader in this arena."

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Consultant Helps 84 Lumber Cut High Rx Costs Down to Size

In an era when employers have grown all too accustomed to watching drug benefit costs soar skyward, 84 Lumber has brought them down to earth. The well-known building supplier, based in the eponymous town of Eighty Four, Pa., near Pittsburgh, held its drug trend to essentially nil last year. While 84 Lumber has earned something of a reputation for generous employee benefits, the company gives much of the credit for containing drug costs to pharmacy benefit consultant ARMSRx.

"ARMSRx provides independent analysis and marketplace advice we can't get from a PBM," Jeweleen Hartzfeld, benefit manager for 84 Lumber, tells *DBN*. Two-and-a-half years ago, Windermere, Fla.-based ARMSRx designed a benefit plan and shepherded a request-for-proposal process that helped 84 Lumber flatten drug inflation last year. The plan covers 3,700 employees at 281 locations around the country.

"They said, 'We want you to reduce costs with as little employee disruption as possible,'" Jennifer Kingsley-Wilson, founder and CEO of ARMSRx, tells *DBN*. One of the first steps ARMSRx took was to ensure that the plan design drove generics over brands. The result: an 8.7% increase in generic utilization in 2010 over 2009. Over time, as employees get even more used to the idea of generics, the plan could shave off an additional \$350,000, according to Stephanie Cormier, vice president of account management for ARMSRx.

In another classic cost-savings measure, ARMSRx pushed mail order, which, accordingly, improved 83.4%. All in all, ARMSRx helped 84 Lumber cut plan costs in 2010 by 13% over the previous year, while leveling drug trend to a mere 0.1%.

Much of the savings ARMSRx carved out for 84 Lumber came by piggybacking the company on a group contract to the New Jersey Hospital Association (NJHA), on which ARMSRx also consulted. NJHA had tasked ARMSRx with custom-building a PBM just for

it. All parties were bowled over when Express Scripts, Inc. responded to an RFP with terms equal to those the homegrown, custom-built PBM was able to provide. And because NJHA in 2005 had opened its network to a wide variety of non-hospital members, e.g., school districts, 84 Lumber was able to harness the bargain-basement terms of the association.

As much credit as she gives to plan-design wizardry of ARMSRx, Hartzfeld sings equally loud praises for 84 Lumber employees. "We are blessed with the associates we have," she says. "Overall, the culture and mentality is to be conscious of spending and saving money." Still, she insists, "we focus on ways to both save money...while making sure that we are offering above-the-national-average medical plans."

84 Lumber achieved its cost containment results despite cutting against the grain in some areas. For instance, while automatic or mandatory enrollment in low-cost, high-value programs is almost de rigeur these days, 84 Lumber adamantly opposes imposing such dictatorial measures on its employees.

"We do not want to take away choices or quality in the medical arena for our folks," Hartzfeld says. "Therefore, offering a non-mandatory home delivery program was a seemingly win-win situation." She adds, "a combination of clinical and administrative programs" also helps 84 Lumber curb costs and ensure quality care.

ARMSRx Leverages Association Plan

Tracy Clayton, director of client services at AIA Benefits Resource Group, a human resources and employee benefits consulting company in Harrisburg, Pa., has worked with ARMSRx for about five years. "We use ARMSRx as an extension of our consulting services," Clayton tells *DBN*. "We'll look to them for their expertise in assessing our clients' current situations and analyzing the market."

AIA depends on ARMSRx to help out with its large, self-funded clients. "We use them to continually audit the contract against the claims and make sure everything is processed and paid as it was negotiated in the contract," Clayton says.

Clayton describes how ARMSRx has built on the hospital association plan it had extended to 84 Lumber. ARMSRx took it a step further, leveraging the NJHA plan and charging a fee to pretty much any employer that wanted to join it.

"It is one of the most aggressive pharmacy contracts in the marketplace," Clayton marvels. "It was genius, actually."

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