

# ABC Prospect

Sep-23-2010

ARMSRx - Cost Savings Analysis: Traditional Pricing

Period Considered: Claims Filled from January 1, 2009 - December 31, 2009

	Incumbent		Association Product		Alternate Program	
			Traditional		Traditional	
	Retail	Mail Order	Retail	Mail Order	Retail	Mail Order
<b>Copayment:</b>						
Generic	\$5.00	\$0.00	\$5.00	\$0.00	\$5.00	\$0.00
Formulary Brand	\$10.00	\$0.00	\$10.00	\$0.00	\$10.00	\$0.00
Non-Formulary Brand	\$10.00	\$0.00	\$10.00	\$0.00	\$10.00	\$0.00
<sup>2</sup> Gross Drug Spend	\$683,283		\$614,223		\$620,549	
Member Copay / Share	\$26,801	3.9%	\$33,060	5.4%	\$33,061	5.3%
Net Plan Cost / Share	\$656,482	96.1%	\$581,163	94.6%	\$587,488	94.7%
Plan Cost PMPY / PMPM						
Administrative Fees	\$0		\$4,449		\$5,561	
<sup>3</sup> Rebates	\$5,846		\$32,920		\$49,979	
Rx Count	4,590	971	4,590	971	4,590	971
<b>Total Estimated Plan Cost</b>	<b>\$677,437</b>		<b>\$585,752</b>		<b>\$576,131</b>	
<b>Total Estimated Annual Plan Savings</b>	<b>-</b>		<b>\$91,685</b>		<b>\$101,306</b>	
<b>Total Estimated Plan Savings %</b>	<b>-</b>		<b>13.5%</b>		<b>15.0%</b>	
<b>Total Estimated 3yr Plan Savings \$</b>	<b>-</b>		<b>\$275,055</b>		<b>\$303,918</b>	
Formulary	Incumbent		Borad/National Preferred w/o formulary based Step Therapy		Borad/National Preferred w/o formulary based Step Therapy	
Eligible Employees						

## Assumptions:

AWP and utilization trend are not included; this analysis does not provide projections of future costs, but rather compares the financial competitiveness of the evaluated proposed arrangement had it been in place during the experience period.

The member cost-share amount estimated is based upon the member copayment total provided and is assumed to remain constant between vendors; no plan design changes. A PBM formulary change may impact the cost-share amount.

Rebates are estimated based on utilization data provided and are only an approximation of actual value. ARMSRx assumed a two-tier benefit plan. Association and GPO rebates are guaranteed and paid on a "per-brand claim" basis. The GPO includes a 20% Rebate Administration Fee on Traditional pricing.

The above estimates are projections of potential performance based on information available at the time the document was generated and do not constitute a guarantee of results. Actual results may vary based on a number of factors.

Specialty drugs were included in analysis and pricing is based on the use of an exclusive arrangement. Use of a non-exclusinve arrangement will minimally affect overall pricing.

DAW information was not provided. The proposals do not consider any additional copays resulting from member selection of brand products when generics are available.

No claims assumed as 340B processing; additional administration fees may apply if 340B is a part of the client's pharmacy benefit plan.

**Each PBM's clinical programs, formularies, etc. and their financial impact and effect are not included in this analysis.**

Based on the provided claim detail for the period 1/1/09 - 12/31/09.

Copays for Association and GPO Pricing based on existing copays for the Incumbent plan.

The discount rates outlined above are expressed in post-AWP rollback terms. However, the Gross Drug spend is based on both a pre- and post- AWP price change since the claim history covered both periods.

<sup>1</sup> The existing Incumbent rates are stated in pre-AWP rollback discount rates

<sup>2</sup> The gross spend is calculated based on the estimated ingredient costs and dispensing fees.

<sup>3</sup> The estimated rebate amount is calculated based on an incentive, two-tier formulary.

Both the Association and the GPO Programs require a 3-year contract.