

Case Study

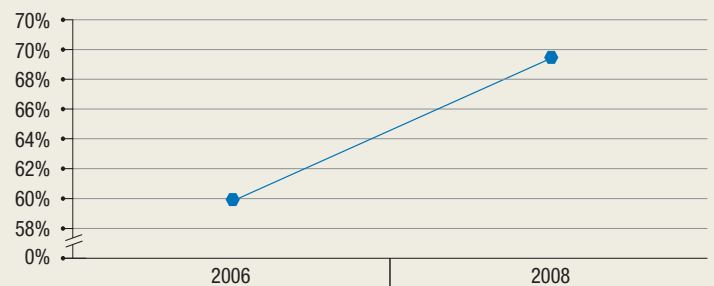
New Client Achieves Noteworthy Results

Results at a Glance

A large client marked their two-year anniversary with Walgreens Health Initiatives on January 1, 2009 with the following results:

- **Prescription costs:** Decreased 0.41% from 2006 to 2008
- **Generic dispensing rate (GDR):** Increased from 60.0% in 2006 to 69.8% in 2008, representing approximately \$12.4 million in savings
- **Clinical management:** Step care therapy savings that reduced prescription drug costs by as much as 13.3%
- **Worksite clinics:**
 - Delivered total direct and indirect savings of more than \$4.5 million in 2008; nearly \$1.3 million savings net of program operating costs
 - Yielded substantial client savings through higher generic utilization and formulary compliance

Generic Dispensing Rate



Business Challenge

The client profiled in this case study, a large employer with more than 130,000 covered lives, switched from another major PBM to Walgreens Health Initiatives to find excellent customer service and member-friendly clinical management options. Like most clients who are concerned about escalating healthcare costs, this client was also seeking proactive strategies for managing pharmacy benefit costs while minimizing change-associated disruptions for their employees.

Our Results

The healthcare solution delivered by Walgreens Health Initiatives included a lower prescription trend, higher GDR, impressive step care therapy results and a return on their investment in Walgreens-affiliated worksite clinics that exceeded expectations.

Trend: This client posted a lower overall trend of -0.41% from 2006 to 2008, after their second full year with Walgreens Health Initiatives. Only a select few highly managed clients achieve a negative trend over multiple years. The client's trend performance is attributable to steady, substantial growth in generic

utilization in 2007 and 2008 along with Walgreens Health Initiatives highly effective clinical programs and formulary management.

GDR: Generic dispensing increased by nearly 10 percentage points over the two-year period, representing an estimated savings of approximately \$12.4 million to the client.

- In 2006, the client’s GDR with another PBM was 60.0%. It has increased steadily since becoming a Walgreens Health Initiatives client, reaching 69.8% in 2008.
- With the client’s previous PBM, generic utilization for mail service pharmacy was mandatory for maintenance medications and generic utilization for mail service pharmacy was only 44.6%. Expanding the mandatory program, Walgreens Health Initiatives Advantage90® gave members freedom of choice between mail service and retail for their 90-day prescriptions while providing the client with significant cost savings through a 60.2% Advantage90 GDR in 2008.

Clinical management: The client implemented a number of Walgreens Health Initiatives step care therapy and other clinical medication management programs. Cost savings for three of the most impactful clinical programs are shown in the table below.

- Proton pump inhibitor (PPI) costs were 13.3% below baseline after two years of management under the Walgreens Health Initiatives PPI Step Care Therapy Program. PPIs are used in the treatment of heartburn and gastroesophageal reflux disease.
- Costs for selective serotonin reuptake inhibitors, widely prescribed antidepressants, fell 9.7% during the two-year study period.
- Costs for leukotriene antagonists, used in the treatment of seasonal allergies and asthma, were reduced by 2.5%.

Selected Step Care Therapy Program Results		
Step Care Therapy Program	Therapeutic Use	Trend, 2006-2008
Proton pump inhibitors	Gastroesophageal reflux disease and ulcers	-13.3%
Selective serotonin reuptake inhibitors	Depression	-9.7%
Leukotriene antagonists	Asthma or allergy	-2.5%

Worksite clinics: Take Care Health Employer Solutions launched worksite clinics at client locations in two states during 2006 and 2007. Take Care Health Employer Solutions, a wholly owned subsidiary of Walgreens, manages primary care, health and wellness, occupational health, pharmacy and fitness centers at large employer campuses. The worksite clinics are staffed by board-certified advanced practitioners.

- Data compiled by Take Care Health Systems showed that more than \$2.7 million in medical costs were avoided in 2008 alone as a direct result of the medical care provided at the client’s two worksite clinic locations. These estimated savings resulted from reduced urgent care/emergency room visits, specialist office visits and inpatient admissions.
- Productivity gains associated with the proximity of the worksite clinics generated more than \$1.3 million in additional savings for the client in 2008. Combined with almost \$500,000 in savings attributed to health risk avoidance and risk reduction provided by health initiatives, the total indirect value delivered by the worksite clinics and other health initiatives was more than \$1.8 million in 2008.¹ The total direct and indirect value was more than \$4.5 million.

- After deducting program operating costs, the net value on investment for the worksite clinics—which includes the direct and indirect value received—was \$1.40 for every dollar spent in 2008. This represented a net savings of nearly \$1.3 million.

Data on prescribing patterns revealed that worksite prescribers who provided patient care at these clinics had substantially higher generic utilization and formulary compliance rates than prescribers who did not practice at the worksite clinics. Higher generic and formulary utilization yielded substantial savings for the client. In terms of number of prescriptions written:

- Generic utilization among worksite prescribers was 90.4%, as compared with 63.9% for off-site clinicians.
- Formulary compliance was 97.9% among worksite clinicians and 90.4% for others.

Prescribing Patterns for Worksite and Off-site Clinicians

	Prescriptions Written by Worksite Clinicians (n = 14,284)	Prescriptions Written by Off-Site Clinicians (n = 1,719,647)
Generic utilization	90.4%	63.9%
Formulary compliance	97.9%	90.4%

Benefits

- Strategic and consultative plan design recommendations and proactive account management from Walgreens Health Initiatives
- A clinical solution to help ensure appropriate use of prescription medications and reduced prescription expenses through step care therapy programs
- Increased freedom of choice for members along with client and member savings through Advantage90
- High-quality, convenient and affordable patient-first healthcare services from worksite clinics
- Direct and indirect savings associated with the Walgreens “total healthcare solution” that extend far beyond prescription drug expenditures and utilization

A Note on Methodology

The value of the clinic services provided was priced at 2007 Medicare rates while cost avoidance savings were calculated based on Take Care’s book of business results. Productivity savings were computed by assuming two hours of lost work time were saved per employee worksite visit, multiplied by the average fully loaded hourly wage. The risk avoidance calculation assumed 5% of covered lives would avoid a risk factor through worksite. Risk reduction was calculated based on the client’s obesity and hypertension cohort (longitudinal risk group tracking study) results.

¹If reduced sick time costs were factored into the analysis, an additional \$2.2 million in savings could be generated.



For more information about Walgreens Health Initiatives clinical management programs or worksite clinics, call 800-926-6779, email whi@walgreens.com or visit us at WalgreensHealth.com/pbmcs.