



Employers:  
Make Your Prescription Drug  
Plan Easier to Swallow...



**HEALTHTRANS**

A healthier approach to pharmacy benefits

# What's in it for you?

- **Real-time access** to claims processing, demonstrating our transparency
- **Lower your overall net drug spend**, because we aggressively negotiate with drug manufacturers on your behalf, passing through 100% of all rebates
- **Value-based preferred drug list model** selects drugs based on improving efficacy and costs, compared to a rebate model in which PBMs create preferred drug lists based on high rebates that they keep for themselves
- **National pharmacy network**, providing convenient access to retail pharmacies at competitive prices
- **Proactive clinical programs** to help lower absenteeism and cut costs
- **Flexible plans** that allow you to implement immediate plan design changes that dramatically impact your bottom line
- **Rapid implementation and easy enrollment processes**, creating minimal interruption for you and your employees
- **Implement continuous improvement strategies**, ensuring that ongoing cost containment measures are proactively employed
- **Data-rich reports** and tools help you to identify cost increase/savings contributors, as well as make informed decisions about plan design and changes
- **Mail order options**, so enrollees can have easy access to medications and save on their copay fees

## HealthTrans At-a-Glance

- 8th largest PBM/PBA
- 54,000+ pharmacies in national network
- 13 million members
- 70+ million annual claim transactions
- \$3+ billion in drug spend
- 96% client retention rate
- Value-based preferred drug lists
- Access to drug manufacturer contracts
- Access to all claims processing data
- Flexible, table-based processing system, enabling immediate plan design changes
- Clients include Kaiser, Rocky Mountain Health Plan, and CBCA

## Case Study: Is Transparency Enough?

Transparency means that all financial arrangements related to a client's drug benefits are available for review at any time. However, transparency does not necessarily guarantee that an employer will obtain cost savings, unless PBMs pass manufacturers' rebates back to clients and select cost-effective drugs.

### A scenario:

Two therapeutically equivalent drugs, **Nexium®** and **Protonix®**, are compared using two different methods—both of which could be transparent to the employer, but whose total net cost is very different.

**In a rebate-driven model, Nexium might be the preferred drug.** The employer pays \$120\* for a 30-day supply, and the employee pays a \$20 copay. The PBM would likely retain a \$15 rebate from the manufacturer and a \$4 mark-up on what is paid to the pharmacy. The total cost to the employer and employee is \$140, and the PBM made \$19.

**In a full-disclosure model based on a value-based preferred drug list, it is more likely that Protonix would be the preferred drug, because it is priced at \$94\*.**

The employee's copay is still \$20. A smaller \$12 rebate is paid and is passed directly to the employer. The PBA charges a service fee of \$5 to process the claim. The total cost to the employer and employee is \$107, including administration fees.

*The PBM may disclose the rebates, but not reveal that it could have chosen the lower-cost, equally effective Protonix. The PBM that selects Nexium is essentially charging the employer 21% more than it needs to pay every time a Nexium prescription is written.*

**If PBMs unnecessarily select higher-cost drugs, and if dollars are not passed back to the client, transparency holds little value.**



# Costs for Health Insurance Have Risen by 36% Since 2000\*

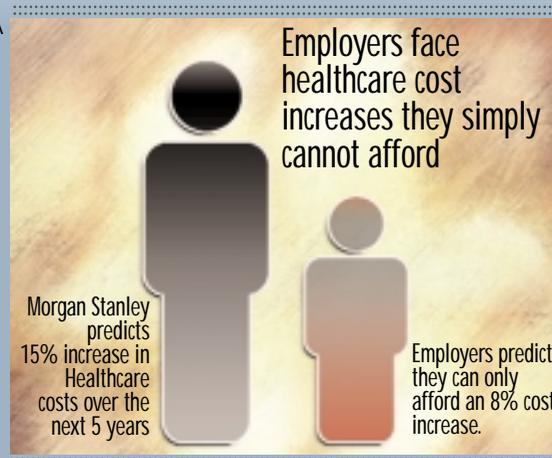
\*According to Families USA

## Has the rising cost of healthcare been a bitter pill to swallow?

If so, you're not alone. The cost for pharmacy benefits have been growing exponentially, in some instances at double-digit rates annually, making it all but impossible for self-insured employers to provide their employees with high-quality, yet cost-effective benefit plans.

## Employer groups are the most at risk.

Self-insured employers are often forced to squeeze enrollees to share some of the cost burden. As such, cost containment measures are vital for employers to remain competitive in the coming years.



## The delicate balancing act:

Your employees expect competitive benefits, without excessive copays or deductibles. That's much easier said than done. There are many outside contributing factors that make it very difficult to ensure that both fiscal and employee needs are being met. You need support from a vigilant partner to help meet both needs.

## HealthTrans can help.

HealthTrans is a proven benefits administration company that will serve as your advocate.

We will work in your best interest at every step of the process, from plan design and implementation, auditing, and enhancing plans, to exploring and executing plan changes—all of which will have a dramatic impact on your bottom line, **saving you 5 to 10% in drug costs immediately.**

# Pharmacy Benefits Managers are Placing a Heavy Burden on Employers

Due to the fact that the pharmacy benefits industry is so complex and onerous, nearly all companies hire a pharmacy benefits manager (PBM) to help them administer their benefit. PBMs are generally hired to create cost efficiencies and remove the burden of managing the interchange between all parties.



## Scrutiny is leading to mistrust

**BUYER BEWARE!**

Although a PBM is hired to work in your best interest, all too often the PBM's interests lie elsewhere. There are a number of contributing factors that PBMs add to the process that can cost you more money and lower the satisfaction of your enrollees. Unfortunately, due to undisclosed revenue sources and biased business practices, many PBMs are under both private and legislative scrutiny.

## PBMs drive-up the cost of the pharmacy benefit by:

- Selecting more costly drugs, when less costly and clinically-effective ones are available.
- Selecting drugs that will provide a rebate. While this may seem like an advantage for you, in most cases, very large portions of the rebate are collected, but are neither disclosed nor passed-back to you.
- Collecting mark-up fees from retail pharmacies, which they neither disclose nor pass-back to you.
- Inflexible plan designs that better serve large health plans, without taking into consideration your employee population's unique needs.
- Collecting high mark-up fees on generic drugs, or limiting the number of generic drugs available via mail order.

**PBM rebate revenue is estimated to be 5 to 25% on brand name drugs.**

## HealthTrans is different

Always working in your best interest, HealthTrans employs very different business practices than traditional PBMs:



**Traditional PBM Model**



**HealthTrans' Full-Disclosure Model**

Step 1	
<b>Negotiate Price Discounts/Rebates:</b> PBMs negotiate costs/rebates with manufacturers and do not disclose \$\$ to client	<b>Build Preferred Drug Lists:</b> HealthTrans builds value-based preferred drug lists first, lowering net drug costs
Step 2	
<b>Build Preferred Drug Lists:</b> PBMs build preferred drug lists/formularies based on their rebate earning potential, without considering costs or efficacy	<b>Negotiate Price Discounts/Rebates:</b> HealthTrans negotiates costs/rebates with manufacturers based on value-based preferred drug lists/formularies and passes through savings to clients for lower overall net drug costs
Step 3	
<b>Set Pricing with Retail:</b> PBMs collect network spread (drug mark-up fees) on top of retail pricing	<b>Set Pricing with Retail:</b> HealthTrans does not add network spread (drug mark-up fees)
Step 4	
<b>Apply Administrative/Processing Fees:</b> PBMs do not charge processing fees—however, undisclosed profits are found in other areas	<b>Apply Administrative/Processing Fees:</b> HealthTrans charges and discloses a per transaction processing/administration fee
Step 5	
<b>Refund Rebates to Payer:</b> PBMs do not reveal total rebates and typically keep between 20 and 100% of rebates	<b>Refund Rebates to Payer:</b> HealthTrans passes 100% of rebates back to the client and discloses all manufacturer contracts

# The Value of HealthTrans' Full-Disclosure Model

*HealthTrans is different from traditional PBMs.* We allow you greater choice in plans, greater insight into where your dollars are being spent, and more efficient ways to cut costs—while sustaining employee satisfaction.

We practice a full-disclosure, full pass-through pharmacy benefits administration (PBA) model, which means that we provide you with complete visibility into all data and contract details. We select drugs that are effective AND lower your overall net drug spend. When a rebated drug is the more cost-effective choice, we pass 100% of any rebates collected back to you, directly contributing to your bottom line.

## HealthTrans works to make your job easier.

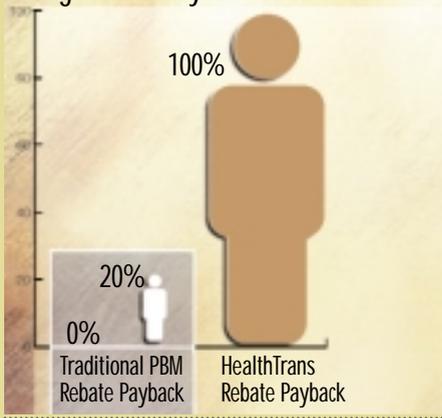
HealthTrans works closely with our clients to ensure that their plan designs and preferred drug lists are in their best interest. **We concentrate on obtaining the most cost-effective drugs at the lowest possible overall cost, and creating preferred drug lists with higher percentages of generics and lower-cost brand name drugs.**

### Our goals:

- Save companies money by building value-based preferred drug lists and passing through 100% of rebate dollars
- Provide employees with the best possible pharmacy benefits
- Make plan design and administration easy

## How HealthTrans Makes its Money

### Drug Rebate Payback Rates to Clients



Rather than earn revenue through hidden sources, HealthTrans charges a flat administrative fee per prescription. **In most cases, this flat fee still yields a savings of \$4.00 to \$8.00 per script.**

Unlike most PBMs, HealthTrans:

- **Does not** retain non-disclosed rebate revenue
- **Does not** build preferred drug lists based on rebate earning potential
- **Does not** collect mark-up fees on retail dispensing fees

## The Proof:

HealthTrans consistently provides clients with best-in-class PBA services that reduce costs while maintaining high levels of enrollee satisfaction.

### As a result of HealthTrans' business practices, our clients:

- Average an overall 3.4% **reduction** in annual drug costs, even as the industry has experienced a 15.9% **growth** in annual drug costs over the past year\*
- Benefit from a 3% movement towards generics
- Average a generic to brand ratio of 57 to 43%



HealthTrans' PBA excellence is exemplified by our current client retention rate of 96%.

\*According to *Drug Cost Management Report*, February 2004

Contact HealthTrans today at 800.950.9120 to begin saving 5 to 10% in drug cost *immediately*.

To learn more about  
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