



AN EXPRESS SCRIPTS MARKET DEVELOPMENT REPORT

THE VALUE OF INTEGRATION



As this report goes to market, Americans are facing the unprecedented psychological, physical and financial challenges of the coronavirus (COVID-19) pandemic. As a trusted partner, Express Scripts takes seriously the responsibility to lead in a time like this, and to bring peace of mind to the people we serve. We'll continue to work tirelessly to stay ahead in our response to COVID-19 and be a champion for better health care.



EXPRESS SCRIPTS®

**CHAMPIONS
FOR
BETTER™**

Seeking value with integrated medical & pharmacy

Payers are under more pressure than ever to deliver value in health care. Affordable access to high-quality care remains a critical issue in Washington and a focal point of upcoming elections.¹ More than half of Americans are concerned about unexpected medical bills and health insurance deductibles, and nearly half are worried about prescription drug costs and health insurance premiums.² As individuals and government officials look for more value in health care, payers and health services providers have undergone rapid consolidation, promising lower costs and better outcomes through their scale and integration.

With the landscape becoming more demanding and consolidated, employers are weighing their options for medical and pharmacy benefits as they try to reduce costs and improve care for their members. Some are carving out pharmacy benefits from medical benefits under the assumption that it will provide more savings and flexibility. **However, evidence clearly shows that an integrated medical and pharmacy benefit substantially reduces total cost of care and improves member health in comparison to a carve-out approach.**

Reducing the cost of care for payers and members

Numerous studies from both health plans and independent parties have documented considerable savings for payers and members with integrated benefits. Though populations and methodology vary, results consistently demonstrate savings of hundreds of dollars in medical costs per member per year (PMPY). Savings estimates hover around \$220 PMPY, with some studies showing savings as high as \$330 PMPY.³

With \$220 PMPY savings, a plan with 10,000 lives could save \$2,200,000 annually through an integrated benefit.

The value of integration is also growing. Two recent studies show estimated integration value increased for multiple national plans between 2015 and 2018. One payer's medical savings more than doubled from 2015 through 2018, with a 39% annual growth rate.⁴ Another saw a 19% rise in savings over two years.⁵ And the benefits of integration begin immediately. One nationwide study noted that payers avoided \$144 PMPY in medical spend the year immediately after switching from carve-out to carve-in.⁶

The value of integration goes beyond just medical spend. As health plans' pharmacy strategies improve, their ability to manage costs across care channels also gets better. In the past, the savings from medical integration could be partially offset by increases in pharmacy spend due to higher adherence and utilization.⁷ But newer evidence suggests that plans may have bucked this trend. For example, in 2019, Express Scripts saw 0.3% drug trend and \$862 PMPY spend for commercial health plans compared to 2.3% trend and \$1,032 spend for the *total* commercial population including carve-out payers.⁸

More than half of Americans are worried about unexpected medical bills and health insurance deductibles.



Some integration studies show savings as high as \$330 PMPY.³



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Express Scripts saw 0.3% drug trend and \$862 PMPY spend for commercial health plans in 2019.⁸



Improving clinical outcomes for patients

While pharmacy and medical integration increases value for payers, **there is ample proof it creates a significant clinical benefit for members, too.** Large population studies have shown up to a 5.3% reduction in ER visits⁹ and a 9% reduction in hospitalizations for carved-in groups vs. carved-out groups.¹⁰ Another study indicates that a carved-in patient was 12% more likely to be adherent to their medication than a carved-out patient.¹¹

The numbers also reveal that integration can increase preventive care. In one instance, a plan's integrated members received opioid misuse treatment at a 15% higher rate and saw a 30% reduction in subsequent overdoses for members who had experienced an overdose in the year prior to treatment.¹²

Caring for members with complex diseases

The effects of integration on health spend and outcomes are even greater for members with complex, high-cost disease states – a group that accounts for more than 25% of total health care spend in the U.S.¹³ Data indicates that an integrated approach reduces medical costs for members living with conditions including hypertension, coronary artery disease¹⁴, diabetes, COPD¹⁵ and inflammatory diseases such as Crohn's, ulcerative colitis and rheumatoid arthritis.¹⁶ **While savings varies by disease state and population, it's frequently more than 10% lower than spending by carve-out plans.** That means thousands of dollars saved per member per year.

Integration also benefits the clinical management of complex diseases. Integrated members are more adherent to evidenced-based medicine, have lower utilization growth and lower inpatient costs.¹⁷ These members also have much simpler experiences with payers. They can coordinate their medical and pharmacy care through a single source instead of navigating a complex web of contacts and information resources.

Driving better health care

With health care quality and cost on everyone's mind, **an integrated benefit offers employers and members the opportunity to stay healthier, receive better care and get more value from their spend.** Whether members are only receiving basic medical attention or are under care for multiple complex conditions, all aspects of their experience are better with an integrated model. Health plans offering integrated benefits continue to innovate across the care continuum, using proven advantages to reduce waste, improve patient engagement and solve problems before they arise.

Up to a 5.3% reduction in ER visits⁹ and 9% reduction in hospitalizations.¹⁰



In one study, diabetes patients saw a 17% drop in medical costs, resulting in savings of more than \$1,400 PMPY.¹⁴



Are you seeking to improve your value of integration story? We can help. Contact your Express Scripts representative and ask for market development insights and best practices.

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