

The Power of Integration

Effective connections can help reduce your pharmacy costs and improve member experiences



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Don't fall for the carve-out hype.

 [WATCH THE VIDEO](#)



Find out how you can save up to 44% on overall pharmacy spend through the power of integration¹

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Using a connected model to optimize the power of integration

The truth is, a sound pharmacy benefits strategy cannot be carved out. Payors may be evaluating niche vendors that offer various carve-out services and promise dramatic savings. Unfortunately, these claims are overstated.

Pharmacy carve-out arrangements can bring administrative complexities no payor wants to navigate. It raises the risk of cost increases and poor member outcomes and experiences due to lack of access to critical support.

In contrast, our connected model means we can deliver the most value when our programs work together:

- Clearly demonstrate results and address impact of drug pipeline and utilization trends
- Maximize savings throughout the duration of therapy by being connected in care to members and providers
- Deliver better outcomes and experiences across the patient journey, through our many touchpoints and data-fueled insights

This report will explore the dangers and disadvantages of carving out components of your pharmacy benefit. It will also raise important questions to consider as you look to balance clinical integrity, member experience and financial outcomes.



Before embarking on a siloed carve-out approach, it's important to get the facts.



Promises vs. performance

Niche vendors claim that carving out components of the pharmacy benefit will result in greater savings than working with one integrated PBM.

In reality, the carve-out model perpetuates a fragmented system, compromises member care, adds administrative complexity that can negate any perceived savings and may even cost payors more in the long-term.

The lofty promises of niche vendors just don't stack up against the proven performance of CVS Caremark's integrated approach.

In 2022, our connected approach led to 5.3% overall trend, with 30.8% of clients realizing negative trend and 70.1% realizing less than 10% trend. Clients that implemented the PrudentRx solution did even better — 95% had negative specialty trend.²

These outcomes are a direct result of our unique approach to cost management and our ability to maximize savings over time.







Save up to **\$91** PMPM on overall drug spend¹

The evidence is clear — integration leads to lower costs and improved care

Two studies published in the Journal of Managed Care & Specialty Pharmacy uncovered the effect of carving in pharmacy benefits on utilization and costs.

The research — analyzing regional health plan members and self-insured Blue plans — found integrated specialty carve-in resulted in lower medical costs and fewer hospitalizations.^{3,4}

The UPMC analysis found carving in specialty resulted in:

 ↓ 3.7% lower medical costs	↓ \$8.73 reduction in per member per month	
 Lower inpatient and urgent care claims and costs	 Lower injectable medical therapy costs	 Higher health management program participation
The study from Cambia Health Solutions found:	↓ \$148 lower medical cost per member per year	

 ↓ **12-17%** lower costs for members with 1 of 7 chronic conditions

This echoes findings from a Willis Towers Watson analysis that “confirmed no compelling financial or qualitative reason to pursue a full carve-out of specialty drugs.”⁵

The potential cost of carving out specialty drugs from the PBM would be 10% higher.⁵





The four cost and care risks of carving out

Carve-out vendors make big claims about the benefits they deliver. However, carving out all or a portion of your pharmacy benefit creates several risks that outweigh the perceived benefits.

Payors should consider the following critical issues before they consider carving out:

1 Financial consequences

Niche vendors provide inflated savings estimates based on the false assumption of no prior cost or utilization management strategies. Hidden costs to the payor further obscure the true potential for savings, such as rebate losses. These vendors charge fees that may reduce or negate anticipated savings. And there's no accounting for out-of-network fills and resulting plan costs.

It can be difficult to get to a fair financial comparison when evaluating niche vendors.

For example, with CVS Caremark, we include everything the member needs to safely use their medication, such as syringes, alcohol swabs and sharps containers. Other vendors do not include these supplies in their pricing, creating the illusion of savings. **Those “savings” are nothing more than a shift of costs to the more expensive medical benefit setting.**

2 Safety and clinical concerns

Carve-out vendors typically rely on aggressive utilization management tactics that deny medications to as many people as possible, and can lead to costly emergency room visits and even hospitalizations. In contrast we use smarter connections to drive our unique approach to utilization management, smoothing the process and improving the experience for providers and patients. We engage with them in real time, gaining more access to critical data that translates into more opportunities to improve care and experience while lowering costs.



REAL-TIME ACCESS TO KEY EHR
CLINICAL DATA

>80% CVS Specialty
patient records
are visible via EHR
connectivity⁶



PERSONALIZED SUPPORT AND
TARGETED INTERVENTIONS

>95% of specialty patients
digitally engaged⁶

3 Administrative burden

Carving out may add costs in the long term as plans pay for multiple vendors for administration services. Multiple vendors that manage and administer different components of the pharmacy benefit would complicate and fragment processes and lead to limited visibility.

4 Poor member experience, health outcomes

When components of the pharmacy benefit are carved out, the pharmacy experience can be complex and frustrating for patients. Many niche vendors don't dispense non-specialty drugs needed to supplement their specialty therapy. This can create member confusion and even delays in care. We help members get their maintenance and specialty medications quickly and easily, providing them with access to a broad pharmacy network with the convenience of picking up at retail or having the medications shipped directly.

95%

of members value
choice in how
they receive their
medication⁷



Evaluating carve-out claims: A checklist

Payors facing decisions about whether to carve out components of their pharmacy benefit must look closely at niche vendors, the strategies they employ and the downstream effect on members and bottom lines.

Ask these questions to help determine what's best for your plan and members:

Financial reality

- Are the projected cost savings provided using data that is comparable to your current provider's reporting? Where are the savings coming from?
- How will new vendors provide your plan with sustained savings and support across the duration of therapy?
- What is the full impact to your financials, guarantees and/or additional fees?
- What reporting do they offer? Will it detail the precise source of savings and the associated fee?
- Are you enabling CVS Caremark to apply our full breadth of cost management solutions, from PrudentRx to Drug Benefit Alignment?

Client service

- How will they manage your claims accumulation requirements?
- How will the vendor collaborate with your current PBM?
- How will you manage and track all the different vendors handling the various components of your specialty pharmacy benefit?

Clinical integrity

- How would a stand-alone vendor balance savings and clinical standards? Are they accredited by a third party, such as URAC?
- Do they have clinical review and approval from an independent and external Pharmacy and Therapeutics Committee?
- How do they treat drugs for rare conditions and those drugs approved as having breakthrough status to treat a condition without a comparable existing therapy? Are these therapies excluded or automatically denied?

Member experience and outcomes

- Do they have nurses embedded in the specialty pharmacy process to support your members, from diagnosis onward?
- Do they offer members the flexibility to decide how they want to fill their prescriptions?
- Do they have two-way text and symptom trackers to help members report adverse events and therapy problems?
- Do they offer access to a nurse or pharmacist on-demand via secure video or live chat?

Using our connected resources to increase engagement and maximize savings



Through digital infrastructure and EHR interoperability, we better engage members and their providers throughout the duration of therapy, creating actionable insights for more opportunities to lower costs and improve care.

We combine three critical strategies, rooted in the highest clinical integrity, across the member journey.



Start the journey with confidence

We combine our EHR connectivity and accredited guidelines for more clinically accurate submissions that smooth the PA process, allowing patients to get started on the right therapies, faster.



Eliminate waste and friction

Using data science and digital engagement, we can interact with patients during therapy to eliminate excess drug accumulation and inappropriate dose escalation — so you're getting the right outcome you're paying for directly.



Support when needed

Ongoing monitoring and more coordinated care means we can identify and engage members who are no longer benefiting from their drug therapy, so you don't waste money or risk costly adverse health events.

And with detailed, transparent reporting, we show you exactly where we've delivered specialty savings and new savings opportunities.

Our unmatched connections help enhance the power of integration

Don't buy the hype from carve-out vendors that promise dramatic savings.

Effectively managing pharmacy spend and trend is our number 1 priority. Payors can leverage CVS Caremark's ability to connect across our enterprise and across the industry — with payors, providers and patients — to lower costs and improve care to drive better health outcomes and experience.

Working with one vendor that supports all of your pharmacy benefit management needs eliminates the risks discussed in this report, leading to true savings and healthier, happier members.



5.3% overall client drug trend²



33.6% had negative specialty trend²



Integration can help you maximize savings and improve member experiences.

Talk to your account team today to learn how we can help you control costs and improve member outcomes.

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1. Up to 44% savings or \$91 PMPM savings on overall pharmacy spend with full program adoption: CVS Health Analytics, 2023. CVS Health Q4 2022 commercial employer cohort that have implemented ACSF (>95% of plan lives), Exclusive Specialty (>95% of plan lives), and Standard SGM (>95% of activity in standard criteria), Jan 2022 – Dec 2022. Total \$ savings by program is for all commercial employer clients with adoption. All data sharing complies with applicable law, our information firewall and any applicable contractual limitations. Savings projections are based on CVS Caremark data. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request. P1014320423
 2. 2022 Drug Trend Report, CVS Health Analytics.
 3. <https://www.jmcp.org/doi/pdf/10.18553/jmcp.2020.26.10.1317>.
 4. <https://www.jmcp.org/doi/10.18553/jmcp.2020.19411>.
 5. <https://www.wtwco.com/en-US/Insights/2022/02/is-the-industry-ready-for-a-specialty-pharmacy-carve-out>.
 6. Over 80% of CVS Specialty patient records are visible via EHR connectivity: CVS Health Analytics, 2022. Data from 8/1/22 – 9/27/22. Analysis of EHR records includes the 10 highest volume specialty therapies: AutoImmune, MS, IPF, Growth Hormone, PAH, IG, CF, HAE, Hemophilia, Oncology. Specialty Expedite is available exclusively for providers who use compatible electronic health record (EHR) systems that participate in the Carequality Interoperability Framework. >95% have opted into receive digital communications: CVS Caremark Analytics, 2022. Data from October and November 2022. Actively engaged defined as specialty patient with a fill in the last 30 days who logged in or responded to a 2-way short message service (SMS). P1012821022
 7. 95% value choice in how they receive their medication: CVS Specialty Book of Business Performance Guarantee Report Card, 2021. All statistical testing is performed at a 95% confidence level. P1010221221

Savings projections are based on CVS Caremark data. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request. All data sharing complies with applicable law, our information firewall and any applicable contractual limitations.

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