

# prescription drug benefit services

helping you offer affordable drug benefits

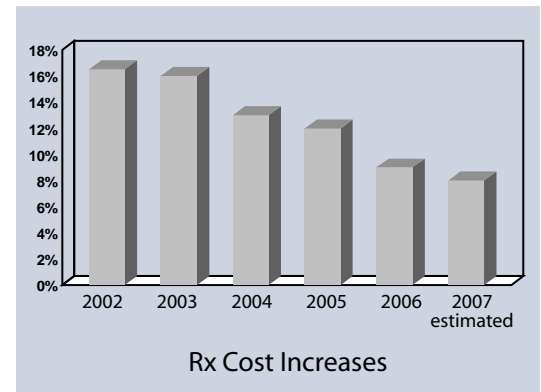
*For employers, it has become increasingly more difficult to offer an attractive, affordable prescription benefit plan to employees while costs have skyrocketed. However, VFBC's approach can help you meet the challenge thanks to our proven approach and industry knowledge.*



**Increases in the cost of prescription drugs have far outstripped the rate of inflation.** Worse yet, these increases come in addition to cost-shifting as employers aggressively reduce plan designs, institute three-tier options, and require the purchase of generic drugs whenever possible.

Employers now spend, on average, more than \$1,400 per employee per year to offer prescription drug coverage.

New market dynamics, however, have potentially created a buyer's market for employers. The new Medicare Reform Act expanded the market for the middlemen (Pharmacy Benefit Managers or PBMs) without controls on pricing or discounts. Economics would support the fact that expanding markets can drive down consumer (employer) costs.



## Our Approach

Valley Forge Benefits Consulting has a proven, effective approach for procuring best-in-class PBM arrangements for our employer clients. Combining our industry knowledge (pharmacists and larger employer advisors) with our unique procurement process (Six Sigma specialists) has yielded tremendous returns for our clients.

We begin by asking our clients what they want as a result and to rank these areas of examination:

- Financial Metrics
- Clinical Services
- Customer Service
- Communication Support
- Mail Order Performance
- Administrative
- Network Access
- Implementation Support
- Performance Guarantees
- Formulary Disruption

Our request for proposal is categorized in these areas and appropriate weightings are developed based on client feedback.

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The procurement process, unique to VFBC, compels each of the bidding vendors to meet a number of “minimum requirements” before being allowed into the process. We create a hurdle by dictating aggressive financial terms, guarantees and contract terms each vendor needs to meet before they proceed. We have found that PBM contracts are often intentionally written in ambiguous terms that may allow certain provisions to appear more generous than they are in actuality. Our industry knowledge allows us to demand terms and guarantees that are easy to:

- Compare among responding vendors
- Quantify into client value
- Audit on an on-going basis

## Client Value

Depending on your current state, this approach can yield 5% to 15% savings, without cost shifting. Savings result from tighter contract terms and more aggressive financial metrics/guarantees. For a client with 5,000 employees spending \$1,400 per employee, savings could reach \$700,000 or more.



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