

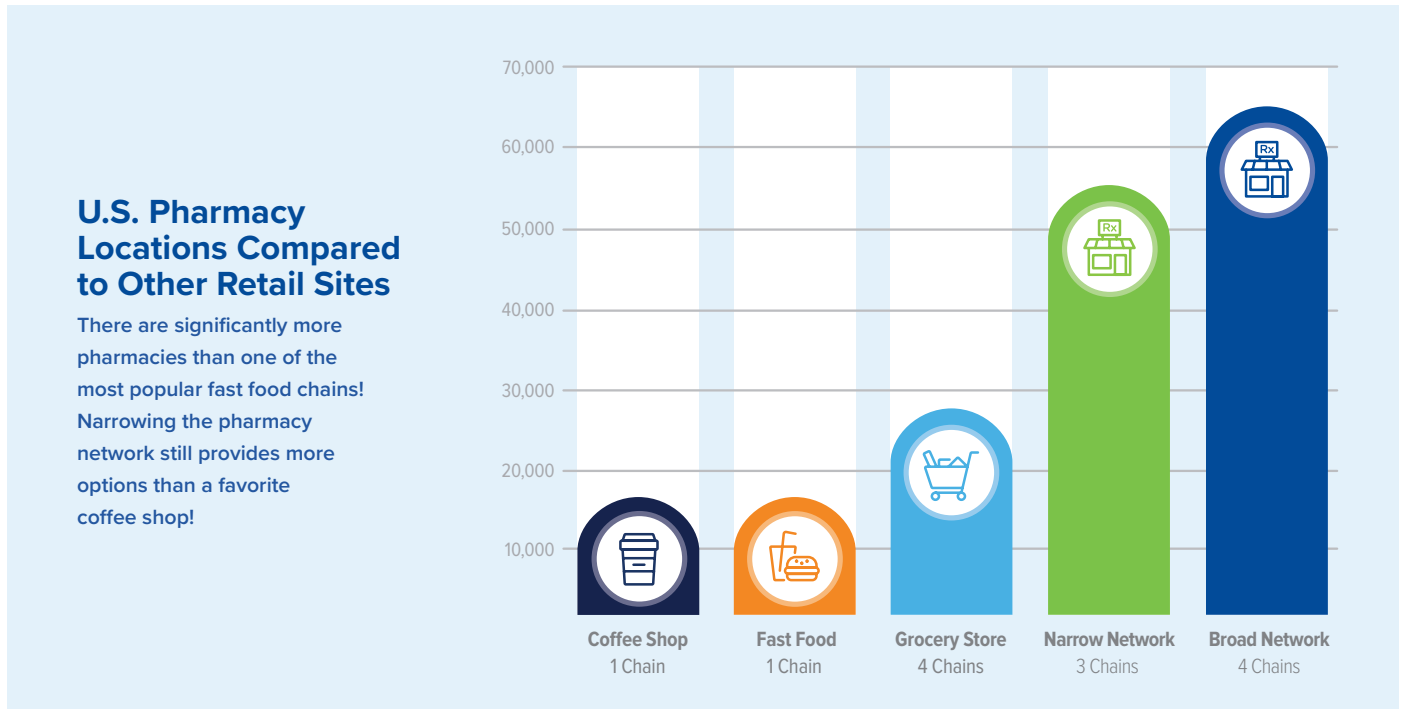
Bigger Isn't Always Better: Determining the Best Pharmacy Network for You and Your Members



In this age of one-click answers, next-day deliveries and drive thru pick-ups, people expect instant gratification. As a result, plan sponsors tend to want the broadest and largest pharmacy networks to maximize member convenience, but is a broad pharmacy network the best option for you and your members?

Fewer Pharmacies Doesn't Mean Less Convenience

With so many pharmacy options available across the United States, narrowing the amount of pharmacies in a network won't compromise access or convenience. To put it in perspective, we compared the number of pharmacy options available in the U.S. to two other commonly visited retail sites that consumers often seek to be conveniently located. The chart below shows how many more pharmacy options there are compared to these two frequented retail businesses. It also demonstrates that even if you remove just one major pharmacy chain, the network still offers approximately 40,000 more pharmacy locations than these popular retail sites.



Increase Savings While Still Providing Convenience

After an analysis is conducted, it is often determined that the majority of pharmacies in a broad network are rarely utilized. By narrowing a network and excluding one or more pharmacy chain options, members will still have a number of pharmacies in close proximity to their home. Additionally, pharmacies are generally willing to provide deeper discounts if they are part of a narrow network of providers, therefore, both the member and the plan will experience a significant cost savings with a narrow network.

As an example, a 5K+ health plan decided to switch from a broad network to a narrow network by eliminating three pharmacy chains from their network, Walgreens, Shoprite and Walmart. Following were the results:

5K+ Health Plan	Broad Network	Narrow Network
# of Pharmacies	62,106	47,424
Retail Access % of members within distance from a pharmacy	<1 mile - 39.6% <3 miles - 75.7% <5 miles 89.5%	<1 mile - 34.8% <3 miles 72.2% <5 miles - 87.9%
Member Disruption*	N/A	18% (974 members)
Total Drug Cost Savings	N/A	9.6% (\$845,000; \$11.08 per Rx)

** Percent of members solely filling prescriptions at an excluded pharmacy Savings for 30- and 90-day claims within a calendar year, excludes specialty drugs*

This case study shows that narrow networks provide comparable numbers of pharmacies within a one to five mile radius, and offer valuable savings to the plan and members. That might be why more and more plan sponsors are switching to narrow networks. According to a report by the Drug Channels Institute, the percentage of large employers using narrow pharmacy networks has increased from 26% in 2013 to 48% in 2019.

More Network Options to Meet Your Needs

In addition to narrow networks, there are other pharmacy network configurations that can increase savings and potentially improve member health outcomes without disruption:

- **Preferred Network** - A two-tier copay option where members are not restricted on which pharmacy they use, however, there is a lower out-of-pocket cost at preferred pharmacies. By increasing utilization at specified pharmacies, you can increase savings.
- **Performance Network** - Pharmacies are rewarded for certain performance measures selected by the client, such as formulary compliance, generic dispensing, 30- to 90-day fills or criteria based on disease state. This option can help drive behaviors that will ultimately improve costs and health outcomes.
- **Maintenance Medication Network** - Flexible plan designs that incentivize 90-day fills of maintenance medications at customized networks can help improve adherence, which in turn can improve costs and health outcomes.

Choosing What's Best for Your Plan and Members

Elixir offers one of the industry's largest pharmacy networks, as well as tailored narrow, preferred, performance and maintenance medication network options. We use a consultative approach to help clients choose the network option that's best for them, reviewing client-specific pharmacy utilization trends, financial impact, geographic access and the member experience.

To ensure a positive member experience, Elixir has developed an implementation process that is tailored to each client, with a communication plan for member outreach. By keeping members informed, we have found minimal disruption. In fact, most members are encouraged by out-of-pocket savings opportunities.

For more ways to improve plan and member outcomes, visit blog.elixirsolutions.com.

