

QUEST FOR TRANSPARENCY IN THE HEALTHCARE ECOSYSTEM

What drives the 'Why' for DBP?

It is absolutely imperative in today's healthcare ecosystem that the benefit consultant drives the demand for transparency from the healthcare delivery system. We are passionate about our ability to help our clients maintain the integrity of their benefit plan, as well as create sustainability from pricing and cost control mechanisms.

What do you mean by 'transparency'?

When we look at the healthcare delivery system, we evaluate the carriers pricing, programs and services provided to members and employers. There are a number of different carrier revenue streams that are not transparent to employers when evaluating renewal pricing methodology. Our aim is to not only evaluate premium to claim ratio's, clinical conditions and expected costs, but to also take a discerning look at the cost and value of less than transparent revenue streams embedded within that pricing.

Carrier revenue streams included in the medical premium can consist of cost containment programs, shared savings, hospital bill review, mental health capitation and subrogation, as an example.

Additionally, there are revenue streams related in pharmacy costs like rebates, ingredient costs, discounts between manufacturer and retail pharmacies, manufacturer overrides, hedging and dispensing/administration fees. DBP has refined our approach to analyzing these costs for our clients to create transparency and identify those strategies to reduce health plan costs. The savings that we help our clients achieve allow them to re-invest those dollars into enhancing their whole employee benefits offering.

How can you create transparency in the pharmacy system?

In the healthcare eco-system, pharmacy is the fastest growing and will be the most expensive part of healthcare by 2025. It is estimated that almost 50% of the total spend will come from specialty drugs. At times, the pharmacy benefit manager will create their PDL (Pharmacy Drug List or Preferred Drug List) in such a way as to place medications on a Preferred Brand tier to 'Rebate Chase'. Rebates are a form of price concession paid by a pharmaceutical manufacturer to the pharmacy benefit manager. Rather than looking at the total efficacy of the medication based on cost and quality,

the pharmacy benefit manager may put more expensive medications on the drug list to increase loss ratios. The rebates for those same higher cost medications are usually paid to the healthcare plan and the employers are not getting credit for those expensive medications and those escalated rebates. DBP's refined approach creates transparency by analyzing all the components of a pharmacy contract including rebates, PDL, dispensing fees, mail order, specialty medications, and pharmacological clinical programs.

Why do you recommend employers evaluate the insurance carrier market annually?

Health Insurance companies' price medical/rx inflation at 9-12% annually, much faster growth than the consumer price index. Historically, medical inflation is far outpacing normal economic inflation. By conducting annual market checks, we afford our clients the opportunity to test the carrier market temperature based upon their claims, demographics, and plans. In doing so, we can evaluate if the current plans are priced appropriately as well as if there are opportunities for more enhanced plans and programs.

As an example, how would you advise a company of 50 employees to ensure they offer a sustainable and transparent health plan?

The first thing that every employer needs to understand is the make-up and metrics of their healthcare spend, like analysis of current performance, claims by service categorization, in network utilization and the disease states that drive those metrics. In turn, you take that a step further and you analyze the levers that the health insurance carriers are using to control cost or... not control cost. Armed with that information you...and we as your consultant, challenge those carriers to provide a better, more sustainable vehicle at the highest quality of service.

This comes through market analysis, strategic plan design, cost transparency, wellness and clinical initiatives and employee engagement.

Why should I choose to engage DBP as my trusted benefit consultant?

First and foremost, we are an organization that has remained private. This means we are able to invest our resources back into client solutions and look for the proper, organic growth through managing healthcare for our clients over a long period of time. We do not have to answer to a shareholder or stock return. Secondly, I think that one of the areas that sets us apart is that while we maintain strong relationships with both our clients and the insurance companies, we firmly believe that as your advisor/partner our primary job is to control your healthcare cost while delivering a meaningful strategy and comprehensive benefits plan. We work for you, not the carriers.

