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### **Group Purchasing Saves Employers \$21.5 Million in Drug Costs in 2006**

*Audit confirms value, effectiveness of Pittsburgh Business Group on Health program*

PITTSBURGH (August 21, 2007) – Total costs to purchase prescription drugs under the Pittsburgh Business Group on Health’s (PBGH) Prescription Drug Program increased just 3.7 percent in 2006, marking the third consecutive year of single-digit increases. Program participants and their employees saved \$21.5 million.

The 3.7 percent increase in 2006 is significantly lower than the 14 percent increase reported nationally and compared favorably to other coalition programs, where reported increases for 2006 ranged from 4.4 percent to 5.6 percent. The overall cost increase was less than 1 percent in 2005 and 4 percent in 2004.

PBGH is an employer-led coalition of more than 60 organizations. Its Prescription Drug Program offers members of the group the opportunity to purchase prescription drug benefits in a carved-out, self-insured arrangement with PBGH coalition discounts. Additionally, an audit of the Program for 2005 and 2006 paid for by PBGH validated the coalition's financial and service guarantees for program participants.

Arxcel, an independent auditor of pharmacy benefit managers, found no errors due to benefit designs when auditing the claims paid for the 26 member employers participating in the program. The Prescription Drug Program also provides additional financial guarantees above the individual employer contractual provisions. The audit results revealed a missed guarantee resulting in additional payments back to the participating organizations of more than \$2.6 million.

“We work hard to meet our clients’ plan goals and are committed to providing programs that work to improve customer satisfaction and plan savings,” said Howard McLure, president of Caremark Pharmacy Services, the pharmacy benefits manager for PBGH’s Prescription Drug Program. “The results of the PBGH program demonstrate the value of our relationship, as well as our commitment to help develop opportunities.”

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Caremark received exceptional marks for its accurate administration of claims paid, with a less than 1/100th of a percent error ratio. The audit encompassed a financial and administrative review of 8.4 million paid claims involving more than 200 plans, some with very complex benefit designs.

“The results of our program over the last three years have been very impressive and extremely consistent especially when you take into account that 20 percent of the members covered under the program are over 65 years old,” said Christine Whipple, executive director of PBGH. “Working together with each member company, the PBGH management team is proactive in analyzing experience and presenting and implementing solutions that produce the results the employers have recognized.”

Even though the overall cost increase for 2006 was in the single digits, participating member organizations saw a 22 percent increase in the cost of specialty and biotech drugs. The increase has resulted in employers making benefit design changes to help manage this component.

To ensure its members continue to receive competitive financial and service guarantees under the program, PBGH selected Caremark as its PBM for January 1, 2008 through December 31, 2010 following a rigorous vendor selection process. Caremark’s current agreement with PBGH is set to expire at the end of 2007. The new agreement provides improved financial terms along with multiple networks and Specialty Pharmacy management options.

### **About the Pittsburgh Business Group on Health**

Founded in 1981, the Pittsburgh Business Group on Health (PBGH) is a non-profit organization and business-only coalition representing 64 member organizations, more than 1 million employees, dependents and retirees, and over \$3 billion in health care expenditures. The organization strives to improve the delivery, cost and quality of health care through implementing and supporting quality initiatives, analyzing health care data and resources, and providing forums for exchange of ideas and viewpoints. Visit [www.pbghpa.com](http://www.pbghpa.com) for more information.

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