



AN EXPRESS SCRIPTS MARKET DEVELOPMENT REPORT

# THE VALUE OF INTEGRATION - 2021



As we share this report, Americans continue to grapple with the challenge of COVID-19. While the pandemic has touched every part of our lives, Express Scripts has led the way in bringing information, guidance and peace of mind to those we serve. As this country continues to embark on an unprecedented vaccine roll-out, we will continue to work for the best outcomes and be a champion for better health care.



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## Seeking value with integrated medical & pharmacy

Payers are under more pressure than ever to deliver value in health care. Affordable access to high-quality care was a critical issue in our last national elections and will continue to be a focal point in Washington.<sup>1</sup> More than half of Americans are concerned about unexpected medical bills and health insurance deductibles, and nearly half are worried about prescription drug costs and health insurance premiums.<sup>2</sup> As individuals and government officials look for more value in health care, payers and health services providers have undergone rapid consolidation, promising lower costs and better outcomes through their scale and integration.

Employers are weighing their options for medical and pharmacy benefits as they try to reduce costs and improve care for their members. Some are carving out pharmacy benefits from medical benefits, assuming that it will provide more savings and flexibility. **However, evidence clearly shows that an integrated medical and pharmacy benefit substantially reduces total cost of care and improves member health in comparison to a carve-out approach.**

## Reducing the cost of care for payers and members

Numerous studies from both health plans and independent parties have documented considerable savings for payers and members with integrated benefits. Though populations and methodology vary, results consistently demonstrate savings of hundreds of dollars in medical costs per member per year (PMPY). Savings estimates hover around \$220 PMPY, with some studies showing savings as high as \$330 PMPY.<sup>3</sup>

**With \$220 PMPY savings, a plan with 10,000 lives could save \$2,200,000 annually through an integrated benefit.**

**The value of integration is growing.** Two recent studies show estimated integration value increased for multiple national plans between 2015 and 2018. One payer's medical savings more than doubled from 2015 through 2018, with a 39% annual growth rate.<sup>4</sup> Another saw a 19% rise in savings over two years.<sup>5</sup> And a recent national study shows total savings nearly tripled from \$77 PMPY in 2016 to \$227 in 2020, beating the carve-out number each year.<sup>6</sup> The benefits of integration begin immediately. One nationwide study noted that payers avoided \$144 PMPY in medical spend the year immediately after switching from carve-out to carve-in.<sup>7</sup>

The value of integration goes beyond medical spend. As health plans' pharmacy strategies improve, their ability to manage costs across care channels also gets better. In the past, the savings from medical integration could be partially offset by increases in pharmacy spend due to higher adherence and utilization.<sup>8</sup> But in the last few years, we've observed lower PMPY spends, reversing that trend. In 2020, drug trend for commercial health plans was essentially equal to the drug trend for the total commercial population, however the PMPY spend was more than 14% lower for commercial health plans.<sup>9</sup> This is the fifth straight year total spending has been lower for integrated clients compared to those carving-out.

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Some integration studies show savings as high as \$330 PMPY.<sup>3</sup>



One payer's medical savings more than doubled from 2015 through 2018.<sup>4</sup>



Express Scripts saw 4.1% drug trend and \$1000.67 PMPY spend for commercial health plans in 2020.<sup>8</sup>



## Improving clinical outcomes for patients

While pharmacy and medical integration increases value for payers, **there is ample proof it creates a significant clinical benefit for members, too.** Large population studies have shown up to a 5.3% reduction in ER visits<sup>9</sup> and a 9% reduction in hospitalizations for carved-in groups vs. carved-out groups.<sup>11</sup> Another study indicates that a carved-in patient was 12% more likely to be adherent to their medication than a carved-out patient.<sup>12</sup>

The numbers also reveal that integration can increase preventive care. In one instance, a plan's integrated members received opioid misuse treatment at a 15% higher rate and saw a 30% reduction in subsequent overdoses for members who had experienced an overdose in the year prior to treatment.<sup>13</sup>

## Caring for members with complex diseases

The effects of integration on health spend and outcomes are even greater for members with complex, high-cost disease states – a group that accounts for more than 25% of total health care spend in the U.S.<sup>14</sup> Data indicates that an integrated approach reduces medical costs for members living with conditions including hypertension, coronary artery disease<sup>15</sup>, diabetes, COPD<sup>16</sup> and inflammatory diseases such as Crohn's, ulcerative colitis and rheumatoid arthritis.<sup>17</sup> **While savings varies by disease state and population, it's frequently more than 10% lower than spending by carve-out plans.** That means thousands of dollars saved per member per year.

Integration also benefits the clinical management of complex diseases. Integrated members are more adherent to evidenced-based medicine, have lower utilization growth and lower inpatient costs.<sup>18</sup> These members also have much simpler experiences with payers. They can coordinate their medical and pharmacy care through a single source instead of navigating a complex web of contacts and information resources.

## Driving better health care

With health care quality and cost on everyone's mind, **an integrated benefit offers employers and members the opportunity to stay healthier, receive better care and get more value from their spend.** Whether members are only receiving basic medical attention or are under care for multiple complex conditions, all aspects of their experience are better with an integrated model. Health plans offering integrated benefits continue to innovate across the care continuum, using proven advantages to reduce waste, improve patient engagement and solve problems before they arise.

Up to a 5.3% reduction in ER visits<sup>9</sup> and 9% reduction in hospitalizations.<sup>11</sup>



In one study, diabetes patients saw a 17% drop in medical costs, resulting in savings of more than \$1,400 PMPY.<sup>15</sup>



To learn more about how to demonstrate the value of integration to your clients, please reach out to your Express Scripts Market Development Director.

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