

Issue Brief: Health Care Cost Containment
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Update #6
September 13, 2010

Issue: Control increase in health care costs for employees and their families.

Project Description:

The Health Care & Benefits Division has developed a new prescription drug benefit program called URx. The program is an evidence-based medical approach designed to educate and provide economic incentives to plan members. By promoting interaction between plan members and their physicians, URx results in the selection of prescription drugs that will deliver optimal health outcomes at the most efficient cost. The program is a joint effort of the State and the Montana University System benefit program.

Preliminary actuarial analysis indicates that URx will reduce costs by approximately \$6.3M in 2010. The cost reductions have been used to cover a portion of the overall increase in pharmacy and medical costs for the State plan in 2010.

Project Status:

- The URx program was implemented January 1, 2010 and has generated an overall savings of 25% in the first six months. The overall savings were achieved via the 17% savings on weekly prescription drug claims (as shown below) and administrative and claims savings anticipated under the former contract with Caremark.
 - Plan Year 2009 – Average of \$474,662 per week in claims
 - Plan Year 2010 – Average of \$392,620 per week in claims
- In 2009, the total expenditures for the State Employee Benefit Plan were \$126.2 million. The projected expenditures for 2010 are \$127.0 million. This represents a total increase of 0.63%.