

# INNOVATIVE DRUG PLAN DESIGN RESULTS IN MEASURABLE IMPROVEMENTS

Case Study

Employer

Pitney Bowes

By lowering drug benefit costs, Pitney Bowes increased adherence—reducing ER visits by 26 percent and asthmatic hospital admissions by 62 percent.

Pitney Bowes Inc. is the world's largest provider of integrated mail and document management systems, services, and solutions. The \$6.3 billion company helps organizations of all sizes manage their mission-critical mail and document flow in physical, digital, and hybrid formats. It adopted a unified health, wellness, and disability strategy that includes a value-based drug benefit design coordinated with disease management and patient education programs for its 35,000 employees.

Participation in the existing disease management programs kept the company's average per-participant cost well below standard benchmarks. Yet in 2000 the rising cost of healthcare hit the bottom line in the form of a 13-percent increase in per-employee claims: a startling number compared to a 3-percent increase in the benchmark of similar companies (measured by the Hewitt Health Value Index.)

## COURSE OF ACTION

Pitney Bowes used **Medstat Advantage Suite**<sup>®</sup>, from the Healthcare business of Thomson Reuters, to warehouse, track, aggregate, and analyze its healthcare data. This solution provides plan participant medical and pharmacy expenditures, employee disability rates, absences data, worker compensation costs, and demographic information,



*"In order to develop value-based benefit design, stakeholders cannot simply cut costs or cut co-pays. The action must be taken after thorough analysis of total healthcare cost experience and as part of a concerted program, coupled with disease management and similar interventions."*

– Pitney Bowes

plus employee risk factors and behaviors, productivity information, and selected survey results that are fully compliant with HIPAA in an aggregated de-identified format.



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## PITNEY BOWES INC.

**Location:**  
Stamford, Conn.

**Size:**  
35,000 employees

**Scope and services:**  
Pitney Bowes is a mailstream technology company that helps organizations manage the flow of information, mail, documents, and packages. They deliver technology, service, and innovation to more than two million customers worldwide. The company was founded in 1920 and has annual revenues of over \$6.3 billion.

**Solutions:**  
Medstat Advantage Suite<sup>®</sup>  
Analytic Consulting



The integrated health and wellness strategy at Pitney Bowes already included an Internet-based health portal and voluntary disease management programs. In an effort to bring healthcare costs back in line with accepted industry benchmarks, Pitney Bowes used a predictive modeling tool to analyze population-based factors contributing to the 13-percent increase, as well as indirect costs such as absenteeism and disability.

The model quickly revealed a relationship between long-term conditions and future high total healthcare costs, specifically finding that increases in costs for patients with diabetes, asthma, and hypertension were linked to low medication adherence. A key actionable finding was that a lack of pharmaceutical adherence drove illness burden and costs. (*The American Journal of Managed Care*, August 2005 – Reducing Patient Drug Acquisition Costs can Lower Diabetes in Healthcare)

With the confirmation that the relationship between long-term conditions and future healthcare costs could be lowered through better disease management, Pitney Bowes radically redesigned its drug benefit plan to reduce any potential barriers to employees managing their health condition.

It shifted all drugs and devices used to treat asthma, diabetes, and hypertension from a tier 2 or 3 formulary status to tier 1, making critical brand name drugs available to most employees and their covered dependants for 10-percent coinsurance versus the previous cost share of 25 to 50 percent. This had the immediate desired financial impact to plan participants of lowering the average cost to fill their prescriptions.

## RESULTS

Preliminary results after 2-3 years were significant. A study of plan participants with the conditions of diabetes, asthma, or hypertension showed:

- Substantially increased medication possession rates.
- Increased use of fixed-combination drugs (possibly related to easier adherence).
- Decreased emergency department visits including a 26-percent reduction for diabetics.
- Reduced avoidable hospital admissions including a 62-percent reduction for asthmatics.

“For many diabetes patients this meant an 80-percent drop in total medication costs”

– *The American Journal of Managed Care*, August 2005, Reducing Patient Drug Acquisition Costs Can Lower Diabetes in Healthcare

Business outcomes for Pitney Bowes included:

- Pharmacy costs for covered persons with diabetes decreased by 7% even though total annual pharmacy costs per covered person showed a slight increase.
- Overall per-patient cost of care for plan participants with diabetes decreased.

Pitney Bowes performed a thorough analysis of its total healthcare cost experiences utilizing Medstat Advantage Suite—giving them a clear view of the real drivers of recent increases in their healthcare costs. Next they developed an integrated value-based program that included changes to the plan design, disease management, and similar interventions as well as promoting preventative care. Their experience clearly shows that simply cutting costs or co-pays is not a successful benefits strategy. In fact, the unique approach of attempting to increase the use of services has proven to be a successful long-term strategy for reducing overall direct and indirect healthcare costs.

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