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Employee Cost Sharing Rises Dramatically in Prescription Drug Plans, According to Buck Consultants Survey

NEW YORK: July 30, 2009 – More employers are using cost sharing as a utilization management tool in their prescription drug programs. This is among the findings of a survey released today by Buck Consultants, an ACS company, which identified strategies employers are using to manage their prescription drug benefits and costs.

Buck's "Prescription Drug Benefit Survey" was completed in July 2009, and is the firm's second annual survey on this topic. More than 140 U.S.-based organizations participated in the survey, representing a broad range of industries and employer size.

"This year, plan sponsors are clearly focused on controlling costs in response to budget cuts," said Michael Jacobs, a principal and national clinical practice leader at Buck Consultants.

Current State of Affairs

Nearly all (99 percent) respondents provide prescription drug coverage as part of their health care program for active employees. The two reasons given as most important for providing this coverage are the health of employees and business competitiveness issues.

Seventy-six percent of respondents use employee cost sharing as a utilization management tool, up substantially from 51 percent last year. The most common target cost-sharing range is 11 percent to 20 percent of claim costs (used by 39 percent of respondents).

"While the cost of prescription drug coverage varies widely, 30 percent, or the largest group of respondents, said pharmacy benefits represent between 11 percent and 15 percent of total health care costs," said Jacobs. "This is down from last year's survey, when the largest group indicated their drug benefits made up between 16 percent and 20 percent of total health care costs. This may be the result of many expensive brand medications moving off-patent and being replaced by lower-cost generics."

Benefits and Cost Management Strategies

According to the survey respondents, the most important clinical management steps they are taking to control pharmacy benefit costs are broader based than prescription drug coverage. They include care management, disease management, and low-cost generic pricing programs offered by retail pharmacy chains.

“Our survey revealed a disconnect with using low-cost generic pricing as a cost management tool,” said Jacobs. “While 73 percent of respondents cited are taking advantage of low-cost generic pricing offered by retail pharmacy chains as a high priority, only 26 percent require their mail service provider to match these low-cost retail generic prices.”

The survey found that the following top the list of strategic initiatives for long-term cost management:

- Providing employees with tools and information
- Providing employee education
- Adding consumerism to the program

Specialty Drugs

Employers are now increasing their effort in managing specialty medications – complex drugs that are often injected or infused. According to the survey, 59 percent of respondents have included adherence to clinical guidelines as part of their specialty drug management programs.

“Employers are also more actively managing these specialty drugs to control costs,” said Jacobs.

The top priorities in managing specialty drug therapies are:

- Adherence to clinical guidelines
- Clinical management
- Coordination with case managers
- Centralized distribution

Buck Consultants, an ACS company, is a leader in human resource and benefits consulting with more than 1,500 professionals worldwide. Founded in 1916 to advise clients in establishing and funding some of the nation’s first public and private retirement programs, Buck is an innovator in the areas of retirement benefits, health and welfare programs, human capital management, compensation, and employee communication. News and other information about Buck Consultants are available at www.buckconsultants.com. Buck is an independent subsidiary of Affiliated Computer Services, Inc.

ACS, a global FORTUNE 500 company with approximately 74,000 people supporting client operations reaching more than 100 countries, provides business process outsourcing and information technology solutions to world-class commercial and government clients. The company's Class A common stock trades on the New York Stock Exchange under the symbol "ACS." Learn more about ACS at www.acs-inc.com.

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Buck's "Prescription Drug Benefit Survey" is available at no cost to the media by contacting Ed Gadowski at 201-902-2825. It is available to other interested parties for \$100 from Buck's Global Survey Resources, 500 Plaza Drive, Secaucus, NJ, 07096-1533. Telephone: 1-800-887-0509. It also can be ordered online at www.bucksurveys.com.

Media Contacts

Ed Gadowski
Buck Consultants, LLC
201-902-2825
edward.gadowski@buckconsultants.com

Carol DeMatteo
Affiliated Computer Services, Inc.
214-841-8110
carol.dematteo@acs-inc.com