



**Validation**Institute

# 2021 Validation Report

**Review for: HealthPartners**

**Validation Achieved: Level 1 - Savings**

**Valid through: August 2022**



# Company Profile

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<b>Category:</b>	Pharmacy Benefit Management
<b>Website:</b>	<a href="https://www.healthpartners.com/">https://www.healthpartners.com/</a>
<b>Public or Private:</b>	Private
<b>Year Established:</b>	1957
<b>CEO:</b>	Andrea Walsh
<b>Company contact:</b>	pharmacybenefitfacts@healthpartners.com

## Description:

**HealthPartners**, an integrated health care organization providing health care services and health plan financing and administration, was founded in 1957. It's the largest consumer governed nonprofit health care organization in the nation - serving more than 1.8 million medical and dental health plan members nationwide. **HealthPartners** care system includes a multi-specialty group practice of more than 1,800 physicians that serves more than 1.2 million patients. **HealthPartners** employs over 26,000 people, all working together to deliver the **HealthPartners** vision of health as it should be, affordability as it must be, through relationships built on trust.





# Claim Assertion for Validation

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HealthPartners pharmacy cost is lower than industry benchmarks due to its integrated clinical programming, high generic utilization, and low net cost approach to pharmacy benefit management. For additional details on this approach, please see [HealthPartners Contractual Integrity Report](#).





# Method / Calculation / Examples

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HealthPartners calculated pharmacy costs for its nearly 600,000 commercial members for calendar year 2020. HealthPartners cost was then compared to published industry data, including the Evernorth 2020 Drug Trend Report (Drug Trend Report, 2020); the 2021 CMS Actuarial Value Calculator tables for Platinum, Gold, Silver, and Bronze plans (CMS, 2021); and a HealthPartners-commissioned IBM Watson report comparing HealthPartners-managed pharmacy cost to an IBM Watson benchmark pharmacy cost for plans administered by others.

IBM Watson analyzed HealthPartners pharmacy costs and compared them to the IBM Watson 17 million member MarketScan benchmark. Data was risk adjusted using Johns Hopkins Adjusted Clinical Groups (ACG), and the analysis focused on members in the Midwest.



# Findings & Validation

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HealthPartners' net pharmacy costs was found to be:

- 20% lower than Evernorth's commercial 2020 benchmark;
- 16% lower than the CMS actuarial value for Bronze\* health plans;
- 31% lower than Evernorth's Medicare benchmark;
- 19% lower than Evernorth's Medicaid benchmark, and;
- 20% lower than IBM Watson's regional commercial benchmark.

\* Bronze is the lowest-cost of the health plan tiers. Therefore, HealthPartners would generate even more savings on the higher-value plans. See Chart 1 below.

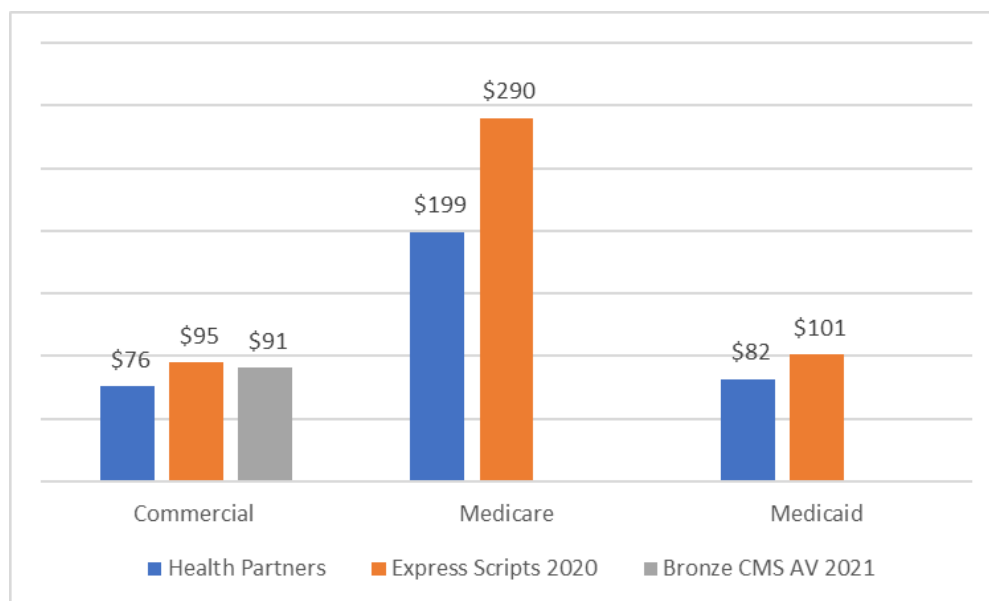


Chart 1: Per Member Per Month Cost Comparison

# Findings & Validation

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HealthPartners risk adjusted pharmacy cost was 20% lower for Midwest members than the MarketScan benchmark for the same region. Table 1 below summarizes the comparison between HealthPartners and MarketScan benchmarks.

<b>Market Segment</b>	<b>% that HealthPartners is lower than benchmark</b>
Midwest	20.3%
Minnesota	19.1%
Wisconsin	23.4%

Table 1: Comparison of Health Partners Average PMPM Cost to MarketScan Regional and State Averages

# Limitations

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The industry benchmarks reflect a wide range of employers and members. A single employer's per member per month cost for pharmacy benefits may be higher or lower than the benchmark, or than HealthPartners average. However, HealthPartners' and Evernorth's costs and trends do reflect a return of manufacturer rebates to group purchasers. [HealthPartners traditionally self-insured customers always have the opportunity to choose how they receive manufacturer revenue, such as rebates.](#)

The IBM Watson MarketScan analysis was conducted on a pre-rebate basis. The final net costs would be lower for both the MarketScan and HealthPartners' members. Therefore, the difference between HealthPartners and the benchmark would also change.



## Works Cited

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- CMS. (2021, September). Actuarial Value Calculator . Retrieved from Center for Medicare and Medicaid Services :  
<https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Final-2021-AV-Calculator.xlsm>
- Drug Trend Report. (2021, September). Retrieved from Evernorth :  
<https://www.evernorth.com/drug-trend-report>







# Validation and Credibility Guarantee

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**HealthPartners** achieved Level 1 validation for Savings. Validation Institute is willing to provide up to a \$25,000 guarantee as part of their Credibility Guarantee Program. To learn more, visit

<https://validationinstitute.com/credibility-guarantee/>

## Level 1 – Savings

Can reduce health care spending per case/participant or for the plan/purchaser overall.

## Level 2 – Outcomes

Product/solution has measurably moved the needle on an outcome (risk, hba1c, events, employee retention, etc.) of importance.

## Level 3 – Metrics

Credible sources and valid assumptions create a reasonable estimate of a program's impact.

## Level 4 - Contractual Integrity

Vendor is willing to put a part of their fees "at risk" as a guarantee.





**Validation Expiration: August 2022**

# CERTIFICATE OF VALIDATION

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**Applicant:** HealthPartners  
8170 33rd Ave S, Bloomington, Minnesota 55425,  
US

**Claim:** HealthPartners-administered pharmacy cost is  
lower than industry benchmarks.

**Validation Achieved:** Level 1 - Validated for Savings

**Validation Award Date:** December 2021

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**Linda K. Riddell, MS**  
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**Validation Institute**

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**Benny DiCecca**  
**Chief Executive Officer**  
**Validation Institute**





# About Validation Institute

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**Validation Institute** is a professional community that advocates for organizations and approaches that deliver better health value - stronger health outcomes at lower cost. We connect, train, and certify health care purchasers, and we validate and connect providers delivering superior results. Founded in 2014, the mission of the organization has consistently been to help provide transparency to buyers of health care.

