

## Market Opportunity

In 2018 there was an estimated \$89 billion in available pharmaceutical rebates representing 22% of annual drug spend in the United States; *over 65% of these rebates went unclaimed.*

Healthcare delivery organizations have traditionally captured ‘buy side’ or bulk purchase discounts through the purchase of medications via GPO or wholesaler agreements (comprising of 1-2% of overall drug spend). The common misconception among healthcare executives is the belief that these traditional purchasing processes ensure the capture of all available drug rebates. The reality is that these traditional processes do capture the conventional bulk discounts, however, they always fail to capture formulary or ‘sell side’ rebates on the dispense or administration of the medications. These formulary rebates are foreign to the hospital market and due to fluctuating rebate levels and types, many healthcare providers are unknowingly missing out on their full rebate opportunity.

Considered to be trade secret by PBM’s, formulary or ‘sell side’ rebates are outside of the traditional preveue of the hospital and healthcare setting. Unbeknownst to healthcare executives, these formulary rebates can comprise of between 5%-60% of Wholesale Acquisition Cost (WAC) on brand and specialty medications. Because of this, an opportunity exists for Care Delivery Organizations that buy and dispense or administer medications while being reimbursed for said medications outside of a PBM.

## Overview

Vitalyze’s rebate platform was specifically developed to drive formulary rebates to Care Delivery Organizations through our proprietary data analytics platform. By partnering our proprietary analytics platform and services with three (3) of the industry’s leading pharmacy benefit managers (PBM’s), Vitalyze’s program allows real time access to formulary rebates with formatting algorithms to aggregate such data into submissible rebate claims. By not conflicting with any GPO/wholesaler or 340b agreements, our program is minimally invasive and allows care delivery organizations to capture formulary rebates that are available for a wide range of brand, specialty, outpatient, and inpatient medications, and provides a substantial new revenue stream for the facility.

## Opportunity

On average, Vitalyze’s clients are recapturing an additional 12-15% on their annual pharmacy spend. To identify the opportunity for your organization, Vitalyze only requires an executed mutual NDA and 8 claims data elements for a customized analysis to be developed – *PHI and integration are never required.* The data elements are easily exported out of the facility’s electronic medical records in a CSV or Excel format and transferred via our secured FTP website. Once processed, our team will have results back and ready to present within 3-5 business days. At this time, the organization can determine for itself if they would like to engage contractually to capture the rebates that Vitalyze has identified.

## Data Elements Required

To maximize the financial impact of the initial analysis, we request the organization to submit the 8 claims data elements for the previous 180 days. This data can be derived from a variety of sources, including but not limited to, Employers, TPAs, Prisons, Brokers, Managed Care/Commercial, Federal including Medicaid, Medicare Part D, Workman’s Comp, Hospice. The *Minimum Claims Data Elements* set is listed below.

### *Minimum Claims Data Elements*

- *Fill Date*
- *NDC*
- *Drug Name & Strength*
- *Quantity Dispensed*
- *Days Supply*
- *NABP/NPI (Pharmacy Identifier)*
- *Brand/Generic Indicator (OPTIONAL)*
- *Prescriber NPI*
- *AWP (OPTIONAL)*

## Performance

Once engaged, Vitalyze will submit the organizations pharmaceutical claims data - monthly or quarterly - through our Rebate Management Platform to ensure that all possible rebates associated with eligible prescriptions are captured.

As seen in the below client examples, Vitalyze’s rebate program can have an immediate financial impact on the organization as they typically receive rebate revenues within 60-90 days after data submission

### Sample Analysis

Client	Total Rows of data	Rebatable Claims	Annualized Rebates USD	Net Income	Change in Net Income (%)
4 Hospital System	3,279,746	32,476	\$ 1,808,990.00	\$ 45,300,000	4%
300+ Bed Hospital	466,643	9,969	\$ 2,036,280.00	\$ 2,051,642	99%
150 Bed Rural Hospital	452,791	5,755	\$ 369,080.00	\$ 56,132,313	1%
Single 300+ Bed Hospital	190,798	1,547	\$ 727,020.00	\$ 9,203,148	8%
600+ Bed Hospital	2,080,927	39,279	\$ 2,585,480.00	\$ 80,251,718	3%
5 Hospital System	1,101,666	14,045	\$ 1,864,520.00	\$ 48,392,000	4%
4 Cancer Infusion Centers	17,863	4,296	\$ 1,313,280.00	\$ (4,700,000)	28%
5 Hospital System	946,784	36,027	\$ 3,404,820.00	\$ 29,500,000	12%
80 Bed Rural Hospital	70,493	3,610	\$ 269,610.00	\$ (936,000)	29%