



Top 5 Pharmaceutical Manufacturer Recovers \$35M+ Annually by Reducing Margin Erosion with Revitas Validata

The Power of Validata

Rebate and administrative fee claims encompass millions of lines of prescription-level data. But many pharmaceutical manufacturers only perform claim validations on summarized plan level data, exposing them to widespread critical errors that lead can cost millions of dollars in overpayments.

Revitas Validata improves claims processing by automating the import and validation of data from managed care trading partners as well as government prescription drug programs. Revitas interrogates claims at the script-level, uncovering data discrepancies that can flag ineligible claims before payment. With Validata, manufacturers can:

- Dramatically reduce inaccurate and duplicate claim payments
- Save up to 10% of rebate exposure annually
- Facilitate compliance with key government programs with automated processing and reporting
- Gain increased visibility into product usage and penetration

Over the past several years, pharmaceutical manufacturers have faced the challenges of a closely scrutinized industry and an ever-changing market. In the face of these challenges, one leading global company has implemented strategies for contract lifecycle management, pricing dynamics, and compliance automation that have streamlined the company's processes, slashed profit margin erosion, and enabled proactive compliance with government regulations.

The Challenge

For years, the pharmaceutical manufacturer had been using a homegrown legacy system to scrub prescription-level rebate data. This system was aging —slowing in performance and becoming costly and challenging to maintain. Errors processing this data resulted in inaccurate payments and erroneous pricing, most of which went unnoticed by the manufacturer, but nonetheless amounted to significant revenue loss. Over time, the homegrown system had become more of a liability than an asset. With the introduction of Medicare Part D on the horizon, the company anticipated a sharp growth in prescription data volumes — something its rudimentary scrubbing system would not be able to support.

Medicare Part D added complexity and volume to an already data-intensive process. In the volatile pharmaceutical industry, new, game-changing rules are a constant. The organization needed a solution for script-level validation that would provide full control over validation parameters and minimize contract compliance risks — while being able to easily adapt to changes in the marketplace.

The Solution

In the search for a solution, the manufacturer evaluated three alternatives — building another system in-house; outsourcing to a third-party service; or purchasing an out-of-the box system. Building an in-house solution was quickly ruled out — the company recognized it had little to no expertise to build a system that would meet all of its requirements for performance, maintenance, and longevity.

Using the services of a third party was a viable option, but after much evaluation, it, too, was ruled out. Outsourcing data processing services meant giving up control and being subject to slower turnaround times and fluctuating costs. Third party services are also not scalable — costs go up with volume increases. Plus, scrubbing rules and data parameters tend to be fixed, so any modifications to validation configurations would also incur additional costs.

The manufacturer made the decision that an out-of-the-box solution was the best approach. Revitas™ Validata™ is a ground-breaking system for the processing, validation, and analysis of prescription level data from managed care trading partners. It automates and simplifies the import, validation, summarization, and analysis of prescription rebate data, performing over 50 validations at script level. Among competing solutions, only Revitas Validata met the company's requirements for script validation.



The Solution

After a thorough review process, the company selected Revitas Revenue Manager, the leading solution for pharmaceutical manufacturers for the management of complex contract revenue environments. Revitas Revenue Manager is a powerful, sophisticated revenue management engine for the definition, management, and execution of contract

Revitas Validata was customizable to the manufacturer's needs, allowing them to easily and cost-effectively create the exact validation parameters required to meet internal rebate business rules. Now, the company can meet current scrubbing requirements while gaining the flexibility to adapt to any internal or regulatory changes in the future. Furthermore, the solution has enabled the company to streamline business processes, making the most of valuable resources.

Most importantly, with Revitas Validata, the accuracy of the manufacturer's script-level data improved significantly. This meant that the accuracy of incentive payments was also improving and, before long, the manufacturer was seeing a notable increase in its profit margin. As a direct result of implementing Revitas Validata, the manufacturer has increased profitability by \$3 million per month on average — an annual increase of more than \$35 million.

The Expansion

Meanwhile, the company was negotiating new contracts with major U.S. group purchasing organizations (GPOs) and retail pharmacy chains — complex agreements that represent high unit sales volumes and a major revenue stream, with rebates and chargebacks paid on qualifying metrics. Rebates and chargebacks vary in type and structure — they are tiered based on a number of variables, including unit volume, market share, and other metrics. As a major spike in sales volume was expected, the manufacturer was concerned about its ability to process all of its rebates and chargebacks quickly and accurately. The manufacturer needed a contract and pricing engine that models contract terms and pricing to maximize sales volume and optimize profitability, and will automate processing and payments to ensure accuracy.

After experiencing such success with Revitas Validata, it was an easy decision for the manufacturer to select Revitas for its implementation of a full contract and pricing management system. Plus, the expansion of the Revitas suite was self-funded by the return on investment from the implementation and ongoing use of Revitas Validata.

The solutions selected and implemented included Revitas Contract Manager and Revitas Revenue Manager®. Revitas Contract Manager, an automated system for the authoring, management, and storage of contracts, seamlessly feeds data about pricing, incentives, and other key contract terms into Revitas Revenue Manager, a dynamic pricing execution engine for defining and managing pricing incentives like chargebacks and rebates. The solutions leverage the Revitas Flex™ platform, which brings agility, extensibility, and security to the suite. Using the contract modeling, authoring and automated workflow capabilities within Revitas Contract Manager, the manufacturer has been able to create more profitable contracts and approve them more quickly and easily. By integrating data about pricing incentives and other key terms directly into Revitas Revenue Manager, the manufacturer is able to ensure accuracy of payments to vendors and partners. The addition of Revitas Revenue Manager also increased the number of script validations to 156. The manufacturer is now managing 100% of its contracts, chargebacks, and rebates through Revitas Revenue Manager, further ensuring the accuracy of payments and thereby further reducing revenue leakage.

The full integration of Revitas Validata, Revitas Contract Manager, and Revitas Revenue Manager has also significantly improved visibility into contracting, enabling prompt, pro-active compliance with industry-specific government regulations and Sarbanes-Oxley requirements.

A Look at What's Next

The integration of contracts, revenue, and compliance management delivers clear benefits across the enterprise. This pharmaceutical manufacturer has quickly realized the rewards. To further enhance the benefits of the integrated system, the manufacturer has planned to augment the suite with additional modules, such as Government Pricing and Medicaid Rebates.

Strict government regulations on pricing require manufacturers to make payments to government agencies when in violation of best-price requirements for these sales. The manufacturer must be able to determine a contract pricing structure that optimizes profitability and maximizes sales volume without risking non-compliance with government pricing regulations. Revitas Government Pricing will enable the company to ensure accuracy of pricing and create comprehensive reports to maintain and prove compliance with government drug pricing program requirements. Revitas Medicaid Rebates will help the manufacturer to ensure accuracy of payments and to meet the compliance requirements of the Medicaid Drug Rebate Program.