

# Cigna & Catamaran Enter a Strategic Agreement

FOR PHARMACY BENEFIT MANAGEMENT (PBM) SERVICES

**On June 10, 2013, Cigna announced that it has entered into a strategic partnership with Catamaran to provide PBM services. Catamaran was created as a result of the merger between Catalyst Health Solutions and SXC Health Solutions in 2012.**

Once fully integrated, Catamaran will provide services to all of Cigna's commercial pharmacy business – approximately 8 million members. Catamaran had previously been responsible for the Medicare business of HealthSpring, whose acquisition by Cigna was completed in January 2012. Under the agreement, which is estimated to take two to three years to implement:

- Cigna will continue to manage the drug formulary, sales and marketing, product development, and customer and client service functions.
- Catamaran will provide the technology platform, back-end processing, drug procurement, inventory, retail pharmacy contracting, and mail-order services

## WHAT THIS MEANS FOR YOUR COMPANY

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According to the press release from Cigna, "Clients and customers will realize greater value through enhanced affordability from combined scale, continued high quality clinical care, and an exceptional service experience." Clients should hold Cigna accountable to deliver improved pricing, enhanced network access, and the other promised benefits of the agreement. Realizing these benefits that result from the agreement between Cigna and Catamaran will lead directly to significant bottom-line savings for procurement, human resources, and finance and accounting, while also resulting in increased employee satisfaction with your pharmacy benefit plan through improved access, delivery, and service.

## NEXT STEPS:

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If Cigna is currently your organization's PBM vendor, this announcement should be seen as an opportunity to optimize the value your organization receives by effectively managing the cost and delivery of benefits. Primarily, employers should use the Cigna and Catamaran agreement as an opportunity to review their contracts to ensure that they are reaping the benefits this partnership is intended to provide.

## NEXT STEPS, CONTINUED:

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In addition, it is important to consider whether other areas such as prior authorizations and drug utilization reviews will be impacted as a result of this arrangement. As always, we recommend that employers utilize service level agreements and performance guarantees to ensure that vendors are held accountable for the assurances they make and that favorable outcomes can be achieved for your organization.

## ABOUT OPTIMATUM

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Optimatum is a vendor management firm that focuses exclusively on the HR supply chain with turnkey solutions that improve the financial, operating performance, transparency and accountability of HR Benefit programs while still maintaining existing vendor relationships.

Our support of the HR workstream during the M&A lifecycle encompasses operational due diligence, day-one readiness and post day-one synergies. We assist sponsors in leveraging the aggregate purchasing power of their portfolio to capture value and drive margin expansion.

Don't allow your Plan to become a target for a lawsuit. Be proactive in implementing the best -in-class practices for governance and vendor management.

i. Bloomberg Bureau of National Affairs, ERISA Litigation Tracker