



Peter Pos
Rx Audit Manager
PRGX



Amy Petrosini
Vice President
Client Services
PRGX

PRGX HAS A PRESCRIPTION TO CURE FALLING PHARMACY MARGINS

For the past few years, drug stores have been squeezed from every direction. The unhappy result: lower profits for all segments of the dispensing industry. Hardest hit have been the pharmacies, the backbone of the store where a drug store makes most of its sales and profits. Pharmacy margins have fallen as the American healthcare system tightens the screws on reimbursement. Additionally, high profit patient classes such as cash clients and Medicaid subscribers have been converted to Medicare-D plans, and the continuing PBM consolidation means reimbursement rate leverage is concentrated in a smaller, more powerful group of PBMs.

In this tough environment, pharmacies need to be more efficient. Did you know that recovery auditing is a lucrative efficiency initiative you can undertake? To maintain profitability and remain competitive in this dynamic market, you have to know the current industry standards and practices. An experienced PRGX auditor can identify and collect lost profits and help pharmacies improve margins by:

- ◆ Examining the prices paid for pharmaceuticals vs. established prices (WAC)
- ◆ Reviewing contracts with manufacturers and wholesalers to help ensure that key contract terms are being followed, and that transactions are consistent with the contract language
- ◆ Interpreting complex policies dealing with outdated and unsold returns and analyzing corresponding transactions for accuracy
- ◆ Analyzing and optimizing calculations of rebates, allowances, discounts and price protection

Beyond the identification and recovery of overpayments, PRGX can also help in other ways, such as:

- ◆ Analyzing incentive programs, returns, substitution rates against industry practices
- ◆ Providing clients with feedback on how industry trends might impact existing and potential contractual arrangements
- ◆ Establishing controls and procedures to prevent reoccurrence of lost profits

PRGX brings both industry audit expertise and strong working relationships with key manufacturers and wholesalers to each client engagement. Our specialized audit staff, dedicated to Rx auditing, knows this business. We understand the Rx purchase-to-pay process, and over the many years of auditing these transactions we've learned where to look for overpayments.

Because the pharmaceutical industry is served by such a small number of manufacturers and wholesalers, it is also critical to that a recovery auditor have strong working relationships with people inside those organizations. PRGX has these types of relationships - which are leveraged in numerous ways from enabling us to more easily acquire vendor data when needed to connecting with key vendor resources to resolve complex pricing questions. Our aim is to identify only those overpayments our clients are legitimately due in a manner that doesn't endanger the relationship between the pharmacy chain and its suppliers.

At PRGX, our longstanding presence in the U.S. pharmacy industry means that our auditors and consultants have both the industry knowledge and the deep relationships to help put our clients back in the driver's seat.

About PRGX Audit Services

In industries with high transaction volumes and pricing complexity, some overpayments are inevitable. Our recovery audit services takes client transaction data, transforms it for analysis, identifies errors, and works with suppliers or providers to recover overpaid cash. We also conduct root cause analysis to prevent future overpayments. We audit a wide range of spend categories including purchases of merchandise and other goods and services, accounts payable, lease and property payments, telecom, freight compliance, taxes, import duties, and health care claims.

Headquartered in Atlanta, Georgia, PRGX is publicly traded on NASDAQ under the symbol PRGX.

For more information, go to: www.prgx.com



PRGX Corporate Headquarters
600 Galleria Parkway, Suite 100 Atlanta, GA 30339
Phone: 1-877-TRY-PRGX 1-877-879-7749
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For more information on how PRGX
can help you, contact:
peter.pos@prgx.com • 217.431.3003
amy.petrosini@prgx.com • 770.329.6487