

# A Prescription for Better Pharmacy Benefits Management

## It's not uncommon for highly managed health plans to waste millions of dollars on prescription drugs.

This can happen for many reasons. Pharmacy benefit management (PBM) contracting tactics may create vendor incentives that aren't aligned with your best interest and goals. Harmful exclusions and opaque terms can create a lack of transparency that hides excess costs.

These are the key elements of a well-managed pharmacy benefits program:

- **Evaluate and negotiate PBM contracts annually.** Remove harmful exclusions and opaque terms for greater transparency and create uniform pricing terms that limit exclusions, improve rebate cash flow and reduce administrative fees, without compromising service quality.
- **Structure a plan design to reduce waste and keep pharmacy coverage competitive.** Effective design sets the right levels of cost-sharing, copay assistance, out-of-pocket maximums, as well as participant pay-the-difference penalties and incentives to use generic drugs and mail order pharmacies.
- **Implement benchmarks to compare peer cost and utilization rates.** This will allow you to understand plan cost drivers and to make informed decisions about setting targeted cost-containment strategies.
- **Improve participant adoption of clinical utilization-management programs.** Measure the cost impact and utilization of these strategic initiatives, such as wellness programs, clinic and value-based benefits.
- **Identify the most appropriate PBM formulary for your participants.** Many drug therapy classes have options that produce similar or equivalent therapeutic outcomes. Whether it's a generic-first approach, inclusion of biosimilars or even over-the-counter products, you'll want to explore the options available to you.
- **Create custom pharmacy networks.** Some plan sponsors are willing to trade vendor choice for better network pricing. Using geographic mapping tools, leading organizations model how to reduce the size of their retail pharmacy network — without affecting access for members.
- **Hold vendors accountable.** Measure vendor performance against industry best practices and clinically significant outcomes. Conduct reviews to ensure price guarantees are met and that service quality and care needs meet national standards.

Managing these initiatives can be a challenge. We can help. We offer a full range of Rx services:

- Managing PBM relationships, reviewing PBM reports, identifying and assisting with problem resolution, policy renewals, review and critique of annual performance results and self-reported financial reconciliation reports
- Providing RFP services and implementation support
- Assisting with contract-renewal negotiations
- Evaluating and developing custom or narrow formularies
- Developing quarterly cost and utilization trend analysis, including benchmarking
- Assessing plan designs, including cost share, clinical and utilization management programs
- Performing PBM audits of financial terms, clinical programs, manufacturer rebates and fraud and abuse
- Implementing direct contracting with, and assessments of, specialty drug facilities
- Analyzing bids and compliance for Medicare Part D/EGWPs
- Evaluating new-to-market drugs, biosimilars, extreme high-cost therapies and the FDA drug pipeline



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