

Case Study

Global Manufacturer Saves Over \$10.5 Million on Pharmacy Benefit

Over \$1 million put back into employee pockets with zero disruption

CLIENT

A Fortune-200 manufacturer with a retail presence and over 50,000 employees worldwide

CHALLENGE

After 18 months of suppressed consumer spending hitting its corporate bottom line, the client needed cost-saving solutions. Every division of the organization was instructed to prioritize driving impactful savings.

The corporate benefits team analyzed all medical and pharmaceutical benefits and suspected medication spend was the key cost driver. They spent close to \$70,000,000 on drugs each year, so even a savings of ten percent would be significant.

They were in the first year of a three-year contract with their pharmacy benefit manager (PBM). This contract was negotiated by their benefits broker and a partner coalition.

SOLUTION

The client engaged us for a no-risk, no-obligation review of the current PBM contract and recent claims. A team of pharmacists, registered nurses, data analysts, a health care attorney and PBM and pharmaceutical industry experts dissected the contract, analyzing language and terms line by line to identify opportunities to save.

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Armed with educated insights from navigating the nuances of the contract, our team brought a detailed cost-savings plan to the table with the PBM. Our depth of expertise created credibility with the PBM and provided negotiating leverage which was instrumental in locking in the proposed changes.

RESULTS

Our team identified how the PBM was retaining profit over the client's best interest. We negotiated a contract amendment, thus preserving the long-standing relationship between the PBM, broker and client.

The client surpassed their financial savings goal and improved its competitive position. The new contract terms drove savings and continued to delivered a better plan for employees.

- Before negotiations, the client's annual drug cost was nearly \$70,000,000. The new contract reduced that cost by **\$10,543,000** — a **decrease of close to 16%**.
- Contract changes came with **zero member disruption**. There was no impact to the benefit design, providers, pharmacies or medications.
- Changing a single “or” to an “and” within one definition in the contract created **savings of \$340,000**.
- **\$1,100,000** of the savings went straight into the pockets of the employees by reducing drug costs during the deductible phase of their high-deductible plan.

DETAILS MATTER

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UNIQUE CREDIBILITY

“Major brokers come to us all the time asking us to cut their costs by millions of dollars. You were the first that understood the nuances of the contract and had a realistic plan to get us there.”

Employer Division Head of the Client's PBM

