

Managing Prescription Drug Costs: A Checklist



To effectively manage rapidly rising prescription drug costs, Segal recommends following a three-part strategy that may include the items in this checklist:



PBM Contracting

- Ensure contract definitions are clear and equitable.
- Negotiate meaningful performance guarantees aligned with plan objectives.
- Request actionable financial, clinical and operational performance reporting.
- Ensure pricing remains market-competitive.
- Require full disclosure of all PBM revenue streams.
- Ensure 100% pass-through of rebates and remuneration.
- Make sure you have comprehensive audit rights.
- Require timely payments of all annual reconciliation shortages.



Formulary & Utilization Management

- Establish a comprehensive prior authorization program.
- Pursue a formulary strategy that seeks lowest net cost.
- Take aggressive action to combat fraud, waste and abuse.
- Implement a specialty drug management program that includes both pharmacy and medical benefits.
- Request documentation that formulary decisions are not driven by rebates.



Plan Design

- Design cost sharing to encourage participants to seek lowest-cost Rx drugs (e.g., percentage copayment with minimums and maximums).
- Exclude self-injected and certain provider-injected drugs from the medical benefit.
- Take advantage of specialty drug copay assistance programs while they are still available!

To discuss how to implement the initiatives in this checklist, contact your Segal consultant or Eileen O. Pincay, RPh, Senior Vice President and National Pharmacy Practice Leader, at epincay@segalco.com or 212.251.5279.

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