

To satisfy its stewardship responsibilities and fiduciary obligations to two dozen participating member groups, a purchasing entity audited its pharmacy benefits manager — discovering \$1 million in unrealized discounts and rebates.

The challenge

A corporate system comprising 28 participating member groups and about \$500 million in annual pharmacy costs faced the ongoing challenge of ensuring its pharmacy benefit manager (PBM) was following pricing terms and exclusion rules.

With fiduciary responsibilities to its member groups, the client needed more than a one-time review — it required recurring, independent confirmation that prior audit findings were addressed and that sensitive areas, such as specialty drug claims and rebate guarantee calculations, were managed according to contract.

The complicated rules and need for steady oversight made this a challenge that called for expert help.

Our solution

Segal's Benefit Audit Solutions (BAS) team carried out consecutive annual financial audits, leveraging past findings to determine if previously identified problems were still happening.

Each audit recalculated guarantees for average wholesale price discounts, dispensing fees and rebates, and rigorously tested exclusionary criteria — flagging where the PBM left out claims that should have been included or included claims that should have been left out.

The process involved ongoing conversations with the PBM to document and escalate divergences, backed by Segal's independent approach and a full review of every claim.

This method didn't just find errors — it helped create a “sentinel effect,” where the PBM improved its practices year after year under steady, reliable oversight.

The results

Over a two-year audit period, Segal's audit identified \$600,000 in missed savings from average wholesale price discounts and \$400,000 from rebate errors — a total of \$1 million in value to the client.

Equally important, the regular audits led to fewer mistakes and smaller losses each year, as the PBM changed how it worked under ongoing review. The client gained more than just immediate savings; lasting confidence in its pharmacy benefit management.

With clearer data, better controls and a process for catching issues early, the organization is now better equipped to protect its members and manage costs.

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