

Responsible for a nine-figure drug spend for its member groups, a national coalition conducted a pharmacy claims audit to ensure its PBM was adhering to contract terms — and recovered \$5.5 million in misapplied pricing and claims.

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

The PBM acknowledged the majority of errors and updated its financial guarantees based on Segal's review.

The audit documented misapplied brand/generic methodology and claims excluded without proper indicators, leading to a \$5.5 million settlement for the client.

Beyond the recovery, the coalition is initiating ongoing financial monitoring to keep savings and accountability on track. This work didn't just bring back lost money — it set a new standard for careful oversight and contract compliance in pharmacy benefits.

The coalition now has a clearer view of its pharmacy spend, stronger controls and a process for catching issues before they grow.

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