Find Opportunities to Save Money on Employee Health Costs

Tactic 1: Manage Medications for High-Risk Employees

For high-risk patients, poor medication management leads to wasted spending—both on the medications themselves and on avoidable ED visits and hospital admissions. Health system pharmacists can improve care by providing specialized clinical services to beneficiaries, including medication therapy management and virtual medical record review.

CASE STUDY: MU Health Care’s Virtual Pharmacy Review Program

Pharmacy leaders created a virtual pharmacy review program to help physicians manage care for employees and other health plan beneficiaries with diabetes.

RESULT

$10.50 PMPM reduction

for the diabetic population in the program’s first 9 months.

Tactic 2: Recapture Employee Prescriptions

Health system-owned pharmacies can often leverage preferred pricing to fill employee prescriptions for significantly lower costs than at an external retail pharmacy. Organizations with a retail pharmacy should highlight convenience and cost to incentivize its use, and those without an in-house retail pharmacy should evaluate the investment opportunity. Systems can improve convenience by selecting a strategic location, extending operating hours, establishing a pick-up kiosk, or offering mail order services. Cost incentives include a preferred copay structure.

CASE STUDY: Carolinas HealthCare’s Employee Mail Order Pharmacy

Pharmacy leaders started an in house mail order pharmacy for Carolinas employees and worked with HR leaders to incentivize its use. Incentives included free generics and faster, more flexible refills.

RESULT

$2.4M saved

over three years for the health system through in-house pharmacy purchasing discounts, recapturing employee prescriptions, and improved clinical care.

Tactic 3: Adjust Benefit Design

Pharmacy-specific expertise can help ensure that a health system’s pharmacy benefit design and pharmacy benefit manager (PBM) contract support highest-quality, lowest-cost patient care. By reviewing employee prescription drug utilization trends, pharmacists can identify opportunities to adjust requirements such as prior authorization, step therapy, and quantity limits to reduce spend on employee drugs. Pharmacists can also provide insight into opportunities to improve PBM contract flexibility and transparency.

CASE STUDY: Banner Health’s Managed Pharmacy Solutions Team

The Managed Pharmacy Solutions team oversees Banner’s employee prescription drug benefit design and clinical support services.

RESULT

140% reduction

in annual system health plan PMPM trend over two years.

Tactic 4: Create a Custom Formulary

Customizing the employee formulary for outpatient prescriptions allows a health system to ensure that drugs are included based on patient needs and the health system’s actual costs, rather than opaque PBM negotiations. Traditional PBM contracts rarely allow for formulary customization, but pharmacists can help change that by first assessing the possible cost savings of customization and then supporting PBM negotiations or the search for a transparent PBM. A transparent PBM relationship also gives the health system visibility into available rebates and discounts, which may inform custom formulary decisions.

CASE STUDY: Mercy Health’s Centralized Employee Formulary

Mercy Health’s Director of Managed Care Pharmacy created a single, customized employee formulary for the system by evaluating employee drug utilization, assessing rebate opportunities, and eliminating unnecessary, high-cost inclusions.

RESULT

$1.5M cost savings

in the first year through negotiations with the system PBM to implement the formulary change for all system employees.