

After experiencing an adversarial relationship with its former pharmacy benefits manager, a leading higher ed coalition landed a new PBM partner that helped it generate more than \$21 million in savings for its members.

The challenge

A coalition of nine colleges and universities that had been in a frustrating and counterproductive PBM relationship for several years reached out to Segal for its industry and technical expertise on recommendations for improvements.

The PBM had failed to act as a true partner. In fact, it was sometimes an adversary that bid against the coalition in pricing situations. Additionally, the PBM hadn't respected the entity's desire for measured growth, allowing a rapid rise in small-institution members that impacted the coalition's ability to deliver world-class service to all members.

Our solution

Segal's team met with coalition leaders to craft a pharmacy benefits strategy that aligned with its broader business objectives. The first step: to execute an RFP for a PBM that would be committed to working on the coalition's behalf, not against it.

Segal sought out a provider that could accomplish coalition goals, including enabling more institutions to secure competitive financial terms that very few schools could achieve independently; maintaining autonomy for institutions so that each could choose its own plan designs, formularies, and clinical programs; and fostering collaboration among member institutions.

We also set about putting in place innovations to help the coalition expand its member base while providing high-quality service. Among the innovations were changes to the coalition's annual meeting (the group's hallmark) to increase knowledge-sharing.

These included creating an enhanced members-only session to cover pharmacy and non-pharmacy topics and initiating benchmarking breakout sessions that allowed larger and smaller schools to trade aspirational advice plus tactical approaches for overcoming common challenges.

The results

Under our stewardship, the coalition's membership has doubled to 200,000 covered lives, with the number of participating institutions rising from nine to more than 40.

To manage this exponential growth, we helped establish a governance structure driven by a charter that outlines roles, responsibilities and decision-making processes — helping steer the coalition's many voices to consensus.

We also oversaw the formation of a dedicated PBM account team that is responsive to the feedback of member schools, even creating a designated call center for the coalition.

Moreover, we've been instrumental in ensuring that the PBM remains focused on the best interests of the coalition, and that the coalition has influence at the highest levels within the PBM.

Most important are the sizable financial savings that we've helped the coalition deliver to its members. For the 2022 contract year alone, the improved pricing schedule in the coalition contract — which was further negotiated by Segal during a market check — netted \$21.5 million in savings.

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Kelly Jones
SVP & Consultant
kjones@segalco.com
216.687.4434

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