



TEN TIPS TO IMPROVE YOUR

PBM Contract

1 Contract Pricing Improvements for each Channel Component

Ensure you have contract pricing improvements for each channel component (i.e. Retail, Mail Order, Specialty, etc.) over the multiple years listed in your contract or you will miss out on savings year-over-year.

2 Single Source Generics be Counted in the Generic Bucket

Single Source Generics should be counted in the Generic bucket when determining pricing guarantees. These should not be included in the Brand bucket as they artificially increase the Brand and Generic discounts.

3 Protect Your Members with Specific Language

Ensure there is language that states members will always pay the lowest of the calculated ingredient cost, MAC (Maximum Allowable Cost), U&C (Usual and Customary, or cash price), Pharmacy Submitted Cost, or the member's copayment. This will protect your members and ensure they always pay the lowest cost available on the claim.

4 Watch for Membership Count Minimums

Watch for membership count minimums and ensure the count listed in the contract is accurate and provides flexibility if your membership tends to go up and down. This could affect your guarantee obligations from the PBM.

5 Ensure Reconciliation is Reported Annually

Ensure pharmacy discount and dispensing fee guarantee reconciliation is reported annually within the first 90 days after the year-end and any payments owed are paid within 30 days thereafter.

6 Rebate Guarantees

For rebate guarantees, if OTC is listed as an exclusion, ensure it states, "except diabetic supplies".

7**Avoid Being Overcharged for Administrative Fees**

If administrative fees are based on a per claim fee or per prescription fee, ensure the fee is ultimately based on a Per Paid Claim unit of measure or you could be overcharged for all transactions that make up a single paid claim.

8**Include “No Clause” Termination Language**

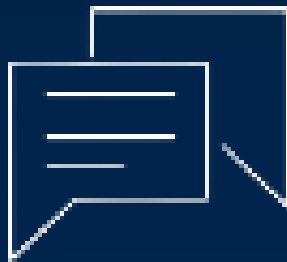
Include “no clause” termination language with a 90-day notification period with no penalties after the first year of the contract.

9**Include Annual Market Check in your Contract**

Ensure the contract allows for an annual market check and the PBM will renegotiate pricing if an annual one percent (1%) or more in savings is identified.

10**Include Annual Audit of the PBM Performance**

Ensure the contract includes the ability for you to complete an annual audit of the PBM performance. This could mean pricing, plan design, rebates, operations, etc.



Do you need help navigating your pharmacy benefit program?

At PillarRx, we provide high-level pharmacy benefit auditing and consulting solutions, so you will be able to reduce costs and monitor any changes in the pharmacy benefit industry that are affecting your contract to ensure competitive rates and a fair PBM Contract. We've helped hundreds of companies and organizations find significant cost-saving opportunities – Now it is your turn!

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