



Unraveling Prescription Drug Contract Delivers Substantial Cost Savings

COMPANY Mid-Atlantic Dairy Company Headquartered in Pennsylvania

INDUSTRY Retail Dairy Food Manufacturing and Distribution

OVERVIEW 400 Employees Represented by a Labor Union with Negotiated Benefits | Extremely Rich Benefit Plan
Minimal Employee Contribution | Fully-Bundled Self-Funded Plan
\$5.5M Total Annual Healthcare Spend with \$1.9M in Prescription Costs

CHALLENGE

The organization's prescription costs have steadily increased year-over-year, eventually reaching nearly 35% of the company's total healthcare spend. Drug increases were driven by complexity in the prescription drug delivery system, an outdated pharmaceutical-to-consumer pipeline, wide variability in drug costs, an opaque system of incentives and runaway specialty drug costs.

Our First Commonwealth benefits team consulted with the company and conducted an extensive diagnostic pharmacy review. Using our industry knowledge, we identified non-optimized areas of the pharmacy spend including several key elements absent from the program. Based on these findings, we designed a comprehensive overhaul of the organization's prescription drug program.

SOLUTION

Paying careful attention to union-negotiated benefits and the sensitivity of the employees, we helped design and deploy a strategy that was mutually beneficial to the employees and employer. Our consulting team identified elements of the company's prescription contract that were financially unfavorable and eliminated them. We toggled previously accumulated discounts and rebates from the carrier directly back to the company, replaced the company's Pharmacy Benefits Manager (PBM) with a high-performing best-in-class provider, and introduced new and innovative vendors to attack specialty drug costs and improve efficiencies. All of these changes were made with minimal disruption to the employees or their families and improved their overall benefit experience.

Insurance products offered through First Commonwealth Insurance Agency, a licensed insurance affiliate of First Commonwealth Bank.



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RESULTS

First Commonwealth successfully delivered a net savings in excess of \$450,000 to the company in the first year. This windfall allowed the organization to optimize more of their budget dollars toward upgrades and improvements within their company. Subsequent years are aimed at maintaining similar high-performing results and an assurance that prescription drug spending within the organization is fair, balanced and beneficial to the employees.



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