

PBM Contract Improvement & Relationship Sustainability Case Study

Healthcare Payer Client Sustained PBM Contract Relationship While Yielding \$110M in Recurring Cost Savings Through Contract Improvement



SITUATION

A large managed care organization covering more than one million lives was spending nearly \$2.2B with their PBM annually. The MCO's contract terms were unfavorable, and their fee schedule and administrative costs were not market competitive.



APPROACH

AArete analyzed the PBM contract and created a comprehensive negotiation strategy, leveraging AArete's industry market intelligence. Negotiations leveraged the MCO's long-standing relationship with the PBM to target administrative costs, discount rates, minimum rebate guarantees, performance guarantees and other terms.



RESULTS

AArete helped negotiate \$110 million in recurring savings while supporting MCO advisory related to contractual language that would further protect the MCO and enhance PBM transparency through recent legislation changes.

