Three Common Pharmacy Benefit Management RFP Mistakes and How to Avoid Them
The result of a well-run Pharmacy Benefits Request for Proposal (RFP) is an *apples-to-apples* comparison between PBM vendors.

**Caution:** Plan sponsors can make **three critical mistakes**, preventing the best overall PBM deal. This document explains how to avoid these costly mistakes to obtain a PBM vendor that provides the best overall value for your clients.
Mistake #1

Accepting an early PBM renewal without conducting an RFP

An early renewal with your client’s PBM may seem like a good alternative to completing an RFP. It can save administrative time and costs by avoiding the vendor solicitation and renewal process and the PBM will initially provide savings as an incentive to renew. However, these savings rarely compare to the amounts the PBM will offer when they know other competitors will be showing you improved terms. The PBMs are hungry to retain or get new business, so it is important to compare PBM deals for your clients every two or three years.

Recommendation: Use a formal RFP process, including an examination of your client’s current PBM contract, and analysis based on existing claims data from a specialized pharmacy benefit consultant.
Mistake #2

Conducting an RFP without expert advice

As an employee benefits broker, making sure your clients are protected from the ever-changing healthcare regulatory and pharmacy benefit landscape is your priority. But, the burden of conducting a PBM RFP on your own can be challenging, let alone the risk if the pricing and terms don’t translate into the client’s final contract.

As you know, just bringing competing PBMs to the table doesn’t always result in a better offer for your client, nor does accepting an early renewal offer. PBMs don’t always present comparable proposals that make it easy for you to compare the terms and pricing.

Just like your clients turn to you for advice, it’s important to know that seeking the support of a pharmacy benefit management consulting team can help you navigate the complexities of conducting an RFP. Finding a specialist who works on your behalf and in your client’s best interest will help mitigate contracting errors in terms, conditions, definitions, formularies, audit access and much more.

**Recommendation:** Seek a knowledgeable pharmacy benefit management consulting partner when conducting an RFP; one with a depth of experience to help navigate the complexities of an RFP and assist in supporting your client’s best interests in contract negotiations.
Mistake #3

Not thoroughly understanding the need for pharmacy specialization while conducting an RFP

Purchasing pharmacy benefits is extremely complex. Contract terms, conditions definitions and services vary by PBM vendor. There are multiple decisions to be made about pricing arrangements, rebates, drug formularies, distribution channels and specialty drug programs to achieve optimal results for your client’s PBM RFP.

The risk of failing to understand specific pharmacy terminology can cost your client significantly when negotiating a PBM contract or evaluating a proposal. A consultant with in-depth pharmacy experience helps mitigate that risk.

Recommendation: Make sure your client is teamed with a consultant who comprehends the complex nature of pharmacy benefits management.
Next Steps

An RFP can be a complex process, and healthcare reform is adding to the confusion. All of which begs the question ...

Do you really want to do this on your own?

Wouldn’t you rather?

• Understand the real value of the current contract before negotiating a new one?
• Have a partner on the next PBM vendor RFP who is looking out for you and your clients’ best interests?
• Negotiate with a partner who has deep RFP experience and highly specialized skills and capabilities?

Based on The Burchfield Group’s broad RFP experience, we can help you avoid these three critical mistakes and others you encounter. Also remember that it’s critical to seek the right PBM for your clients. It’s the most effective way to find the bottom-line savings.

What we do

At The Burchfield Group, our focus is pharmacy benefit consulting, regulatory and Medicare compliance, auditing and data validation. We help plan sponsors evaluate and select PBM vendors, design pharmacy benefit plans, monitor plan and PBM performance and audit results. Our expert staff offers significant PBM industry knowledge. Clients include Fortune 500 companies, Taft Hartley funds, health plans, brokers and third party administrators.

THE BURCHFIELD GROUP
Our Expertise. Your Benefit.*

1295 Northland Drive, Suite 350
St. Paul, MN 55120
1.800.778.1359
info@burchfieldgroup.com
www.burchfieldgroup.com