



## Pharmacy is the fastest growing benefit cost and will continue to grow at an unsustainable rate

*by Heather Dean, Chief Operating Officer, National School Boards Association*

Pharmacy benefits are unregulated at either the Federal or State level, as such the profit incentives of the various players in the industry run counter to the desires of employers to provide good benefits at minimum costs. What can school districts do to work towards a more reasonable and controlled benefit platform? *Here are a few things to consider:*

Self-funding on a carve out basis gives the school the power, data, and flexibility to use the most effective strategies minimizing or reducing costs. What does that mean? Let's start with self-funding. This is when an organization agrees to be directly responsible for their employee benefits costs instead of paying a premium to an insurance company. We have seen this as a growing trend as school districts grapple with the growing insurance premiums year after year. In self-funded districts, you can carve out the pharmacy benefit away from the medical insurance carrier into a direct contractual relationship with the pharmacy benefit manager (PBM) such as Express Scripts, CVS/Caremark, Optum, etc. The value of carving out is that now the school has total visibility into all the terms and conditions in-order to ensure lowest cost performance.

Establish an insurance committee. The role of this committee is to make recommendations for benefit levels, help set overall performance goals and philosophy, review RFP's, help choose the consultant/broker and determine their compensation, and discuss results of wellness and other initiatives just to name a few. These committees usually include board members, especially those who may have specific expertise in the benefits arena, HR representatives, union representatives if applicable or teacher representatives. Consider having rolling terms where you have fresh ideas coming in but at the same time have some continuity.

Identify an expert employee benefit consultant or broker to do your RFP and market research. This is not as easy as you would think. Pharmacy benefits are an industry unto itself. True expertise in pharmacy benefit contracting requires a level of dedication that is uncommon in most consultants and brokers. Your broker should be open to working with outside experts to supplement their efforts in identifying the best benefit options. Another way to protect your district is to work with consultants/brokers that are paid a fixed fee versus commissions so that they have no conflicts of interest and every incentive to get your district the best possible outcomes.

School districts are the largest collective employer in the United States. As such, in addition to advocating for employer and employment issues, NSBA has created the School Rx Cooperative to help districts navigate this complex but important employee benefit. This program incorporates the strategies mentioned above, and many others to provide a cost reducing, fiduciary focused pharmacy benefit that your school and employees will appreciate. To learn more, go to [NSBA School Rx Cooperative](#).