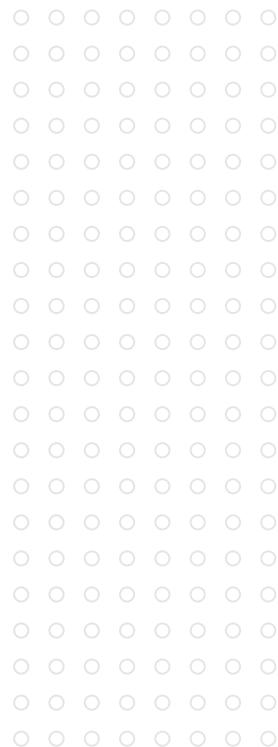




CASE STUDY

Finding an Rx for Escalating Pharmacy Costs

How the City of Fort Collins saved over \$1 million annually by carving out its pharmacy benefits contract



Both the leadership of Fort Collins and the City’s employees had been unhappy with the unrelenting escalation of their prescription drug costs. When HUB International became broker of record for the City’s employee benefits in mid-2016, the prescription drug program became the logical place to start looking for savings.

Fort Collins’ Employee Benefits Challenge

The City was looking for solutions that would control costs without transferring the burden to employees and plan members. Management had to ensure that any changes in benefits would not disrupt plan members. Additionally, it was important to provide uninterrupted access to maintenance and specialty drugs through both in-person and mail order channels.

FORT COLLINS
A Snapshot

161,000

POPULATION
(city proper)


300,000

REGIONAL
POPULATION

County Seat
& Largest City

IN LARIMER COUNTY, CO

Benefits Overview




SELF FUNDED

4,000

TOTAL PLAN MEMBERS

1,900

BENEFIT ELIGIBLE
PARTICIPANTS



Medical \$17M
Pharma \$4M

ESTIMATED MEDICAL
BENEFIT BUDGET

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How Unbundling Saved Fort Collins More than \$1 Million

When benefits are bundled together with a carrier, it's more difficult to carve out the prescription program and negotiate better terms. At the time, Fort Collins had a pharmacy benefits manager that was partnered with its third party administrator – and both were owned by a major carrier. Analyzing the City's contract, HUB found numerous opportunities to save by negotiating a better contract through an independent PBM.

The savings rendered by the pharmacy carve-out after a full year with the new contract: \$1.2 million. And it was achieved with minimal disruption to the City and to its plan members.

The Rx for Fort Collins



Unbundle the pharmacy contract.
Pharmacy costs were growing every year. A lack of transparency with the current contract made it difficult to understand and negotiate terms.



HUB reviews and negotiates new contract terms, based on a new formulary analysis, pricing guarantees, and rebates.



Savings after full year of the Fort Collins pharmacy carve-out:
\$1.2 million

“It wasn’t hard to read the writing on the wall when it came to our pharmacy costs. We didn’t have a strong contract and non-stop increases were a big concern. When HUB helped us — using a new, independent Pharmacy Benefits Manager and negotiating much improved terms — it became a no brainer as a competitive and cost play. Plus, our employees stayed whole which mattered greatly to all of us.”

— Teresa Roche
Chief Human
Resources Officer

Moving Forward

While Fort Collins' pharmacy program was a great starting point for controlling costs, HUB's consultative approach helped set the stage for higher-level thinking about the City's HR environment. HUB's expertise has driven better analytics and improved benefits budgeting, leading to a valuable competitive analysis of the City's medical, dental and vision plans, and enhancing benefits communication efforts.

Fort Collins' Benefit Philosophy

We attract and retain exceptional talent by offering attractive, competitive benefits as part of our overall culture of wellbeing.

As an employer of choice and industry leader, we educate and engage employees and their families, in their health and financial wellness as a component of the City's Total Rewards strategy.

We collaborate with colleagues, City Council, and strategic partners to continually evaluate and improve employee benefits while also responsibly stewarding City resources.

“When I began a little over year ago, I realized we had an opportunity to step back and rethink our benefits philosophy. True to their consultative approach, HUB's team gave us a lot to think about, based on sound principles and what we were trying to achieve. It helped us evolve a meaningful philosophy to stand behind.”

— **Joaquin Garbiso**
Senior Benefits Manager

“In my 30 years of experience, I've had the opportunity to work with some heavy international hitters in the benefits arena. I'd choose HUB no matter where I went in the future. Our HUB team has an incredible depth and breadth of expertise that they've put at our disposal, and it's led us to far more intelligent benefits decisions.”

— **Teresa Roche**
Chief Human Resources Officer

We're HUB

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. With HUB, you have peace of mind that what matters most to you will be protected — through unrelenting advocacy and tailored insurance solutions that put you in control.

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