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Maryland learns cost of lax benefits management

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State auditors say benefit managers cost the state about \$11 million because they failed to take advantage of drug savings baked into their pharmacy benefit management contract.

The [report](#) prepared by the Maryland's Department of Legislative Services' Office of Legislative Audits says that the state's Office of Personnel Services and Benefits did not "adequately ensure that the state obtained the required contract discounts from the former PBM for certain generic drugs obtained by enrollees."

That caused the state to overpay by about \$10.1 million in 2005 and 2006. The audit also shows that the state didn't get \$700,000 in drug manufacturer rebates it was owed in 2006.

The \$10.8 million equals about 3.5% of the state's total drug spend for 2008, which was more than \$307 million.

Bruce Myers, legislative auditor for the department, says that the benefit managers should've caught it quicker than they did.

"For this to go on for that long we think the agency should've been monitoring and providing more timely oversight," Myers says. "They didn't have to let it go on for years."

While an audit is a good tool to find waste like this, others in the industry — like Myers — say waiting on the audit isn't the best course of action.

"It is very important for benefits professionals to have a firm understanding of any terms that they are contracted for and to make sure that those terms are being met. Given the economy, senior management and audit departments are looking at every place they can to confirm their companies are getting the values that they expect" Sam Fleet, president of AmWINS Group Benefits, says.

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