The Pharmacy Cost Problem Employers Think They're Solving – and the One They're Not

2025 was a year of turmoil in an already complex pharmacy industry. What was once a manageable category now represents more than a quarter of total health plan spend, and for many organizations, it is growing faster than any other cost component.

Looking ahead to 2026, employers are projecting **11–12%**, increases, driven largely by GLP-1 utilization and high-cost specialty drugs. The challenge is no longer whether pharmacy costs will rise, but how deliberately they are managed.

What makes pharmacy especially challenging is not just its growth, but that it is a convoluted mix of trend drivers. A small segment of utilization frequently drives most of the financial risk, yet traditional reporting treats pharmacy as a uniform expense.

Are your pharmacy benefits being managed for yesterday's market or tomorrow's risk?

That disconnect matters.

When visibility stops at aggregate trend, employers are forced into decisions that trade predictability for simplicity, often without addressing the true sources of volatility embedded in their pharmacy plan.

Alliant Analytics Insight:

- GLP-1s account for ~**18% of total plan spend**.
- Ten drugs drive nearly **35% of overall** pharmacy cost.
- And **more than 70%** of pharmacy spend is driven by a small subset of high-cost drugs and members.

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In a fragmented pharmacy ecosystem, employers absorb the risk.
Pharmacy cost challenges are difficult to solve because no single player controls the full system. Pharmacy benefit managers, carriers, manufacturers, regulators, providers, pharmacies, employers, and members all influence outcomes. Over time, their incentives have drifted out of alignment.

Price matters.

But governance drives real change.

Alliant Analytics Insight:

Across Alliant-analyzed plans, pharmacy spend is materially lower when utilization management is treated as a strategy, not an afterthought.

Employers applying more robust prior authorization protocols, through PBM selection or independent review, often see **pharmacy savings in the range of $12-$20 per member per month, which can translate to $144-$240 per employee per year**, or **high-single to double-digit percentage reductions**, depending on baseline spend.

Transparency is progress. *It's not the finish line.*
Transparency alone doesn't eliminate cost unless employers understand which decisions actually influence utilization, pricing, and risk.

As pricing models shift toward transparency, PBM revenue streams change and are often replaced by fees, and more limits on risk with potential for shared savings models that employers need to evaluate just as carefully.

> **"Employers sit squarely in the middle. They are expected to balance affordability, access, employee expectations, regulatory scrutiny, and media narratives, often without full transparency into how pharmacy dollars actually move through the system. It's no surprise many feel uncertain about who to trust or what to do next."**
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> **Jennifer Stewart, Director, Alliant National Pharmacy Practice**

The pharmacy decision most employers don't realize they're making.
Every employer is choosing a pharmacy structure, whether intentionally or by default.

Traditional PBM models bundle pricing, utilization management, rebates, and administration into a single offering. In response to employer pressure and regulation, many PBMs now offer pass-through pricing and, in some cases, per-member-per-month guarantees to better align with goals that drive lower net costs.

This isn't about blame. *It's about agency*
And despite the complexity, employers have options.

At the same time, some employers are exploring a more modular approach, unbundling pharmacy services across multiple partners to gain visibility and control over specific cost drivers.

Neither approach is inherently right or wrong.
The real question is whether your structure matches your tolerance for cost risk, complexity, and accountability.

Alliant Pharmacy Insight:
Our pharmacy experts worked with an organization with 3200 employees, whose net per member per month after **rebates dropped by more than 25%**, from **$135 to $101** per employee per month all within the first six months, **translating into $1.34 million**, outperforming initial projections.

What Forward-Looking Employers Are Doing Now

They plan earlier and demand action.
Trend projections without intervention strategies aren't insights. Employers pushing for 2026 planning now are asking not just what will increase, but what can be changed.

They accept that meaningful savings may require change.
The most impactful strategies often involve some level of disruption – in processes, vendor arrangements, or long-standing assumptions. Employers achieving real savings understand that stability without scrutiny is rarely neutral – it's expensive.

They examine incentives before solutions.
Employers are looking beyond headline discounts and asking how pharmacy partners make money:

- Where dispensing occurs
- Whether pricing is rebate-driven or net-cost-driven
- How revenue aligns with utilization decisions

And they're asking direct questions about accountability and performance.

They take a more disciplined view of GLP-1s.
Leading employers are:

- Analyzing GLP-1 utilization across diabetes and weight management
- Evaluating direct-to-consumer pricing and manufacturer programs
- Separating short-term cost pressure from long-term clinical outcomes

Utilization may continue to rise, but pricing dynamics, competition, and emerging outcomes data suggest the story is still unfolding.

They treat specialty drugs as a structural issue, not a line item.
Specialty drugs account for just 1–2% of prescriptions, yet they routinely drive more than half of total pharmacy spend. Where employers have **moved decisively to biosimilars**, **savings of 15–35% are common—often seeing hundreds of thousands, and up to seven figures saved annually**, depending on plan size.

That's why more strategic employers are prioritizing low net cost by:

- Faster formulary adoption
- Better-aligned incentives
- Independent oversight where appropriate

Delayed decisions often benefit someone, but not always the plan sponsor and members.

They resist spreadsheet-driven decisions.
Discounts and rebates alone rarely tell the full story. Sophisticated employers pair financial analytics with utilization, outcomes, and risk modeling to understand why a solution looks cheaper, and whether it truly is.

They simplify without oversimplifying.
The pharmacy vendor landscape is vast. The employers that succeed don't chase every solution, but they stay open to innovation and hold vendors accountable through ongoing evaluation, not one-time decisions.

What separates employers who absorb pharmacy cost from those who actively manage it isn't access to data. It's the ability to interpret it, connect it, and act on it.

Most employers already receive volumes of pharmacy reporting. What's often missing is a unified view that ties utilization, pricing, incentives, and outcomes together in a way that supports decision-making.

Insight changes the conversation. Action changes the outcome.

Alliant helps employers do both.

Alliant Analytics Insight:

A single high-cost claimant was driving disproportionate spend due to a misaligned medical site-of-care strategy.

By applying advanced pharmacy analytics and market insight, the infusion was restructured to align pharmacy and PBM adjudication.

The result: Preserved care continuity while generating approximately **$350K in annual savings, equivalent to $190-$200 per employee per year**, and materially reducing stop-loss exposure.

Without that clarity, even well-intentioned changes risk addressing symptoms instead of causes.

This is where advanced analytics and market expertise change the conversation. By integrating medical and pharmacy claims, pricing structures, utilization patterns, and clinical outcomes, employers can see where cost is concentrating, which levers are actionable, and which strategies are likely to move the needle inside their plan. Not in theory, but in practice.

Rather than debating models in the abstract, leading employers are using analytics to pressure-test assumptions, evaluate tradeoffs, and sequence decisions over time.

The goal isn't perfection. *It's confidence.*

The pharmacy landscape will keep changing. Pricing models will evolve. Specialty utilization will rise. Regulatory pressure will continue.

We help employers connect pharmacy data, market dynamics, and incentive structures into decisions they can stand behind, not just at renewal, but over time. **The organizations who outperform** aren't reacting to pharmacy costs, they're managing them with insight and intent. **They're managing them with Alliant.**

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