OBJECTIVE: To examine the association of a three-tier pharmacy benefit plan with prescription drug spending and utilization, employee health status, and short-term disability (STD) absences in a large financial services corporation. METHODS: Retrospective observational study of approximately 17,000 employees enrolled in the company’s pharmacy benefit plan in any one year from 2000 to 2004. Pharmacy claims compared before and after the plan implementation at the start of 2003. STD absences also compared each year. A self-report health status measure was compared before and after the plan change for a subset of employees who participated in a health risk appraisal. RESULTS: After the benefit plan change, a reduction in the number of filed pharmacy claims was observed in five drug categories for acute conditions whereas medications for cardiovascular, antihyperlipidemic, asthma, and diabetes remained unchanged. There was no significant increase in the percentage of employees filing an STD claim or the average duration per STD event. Self-reported health status did not change significantly from 2002 to 2004. CONCLUSIONS: Although the degree of employee cost-sharing for prescription medications increased from 2000 to 2004 and the utilization of some medication categories decreased, there was no observed association with overall employee health status or STD absenteeism during the 5-year study period.