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PBMS ARE CLEAR AS MUD

The Value of a Fee-Based, Transparent Model

Transparency in the drug supply chain is critical to securing the lowest cost and highest value prescriptions for patients. Unlike traditional pharmacy benefit managers (PBMs) that profit from hidden rebates and complex pricing, transparent, fee-based PBMs deliver predictability in costs and visibility into every transaction.

Misaligned incentives within the current drug supply chain – including drug makers, wholesalers, pharmacies and PBMs – lead to inflated costs for patients and purchasers.



Brokers, often compensated by PBMs, steer health plans toward opaque contracts that restrict formulary flexibility and conceal information—making it harder for plans to choose lowest-cost drugs over drugs tied to a PBM's deal with manufacturers.

PBMs further obscure drug pricing through group purchasing organizations and rebate aggregators. Health plans often lack visibility into the actual net price paid for a drug versus what the PBM originally paid.

Congress should advance PBM transparency and reporting requirements that:

1. **Require PBMs to report monetary amounts paid – directly or indirectly – in fees, rebates or other compensation to brokers and consultants.**
2. **Subject PBM subsidiaries, affiliates or subcontractors, including group purchasing organizations and rebate aggregators to the same transparency requirements as the PBMs themselves.**
3. **Require PBMs to disclose the acquisition cost of drugs and any additional dollars received via the PBM structure.**



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A REFRESH: FEE-BASED, TRANSPARENT PBMS

Not all PBMs are created equal. Fee-based, transparent PBMs offer a stark contrast to traditional PBMs, offering visibility to health plans and lower costs to patients and taxpayers. ACHP member companies have a proven track record of partnering with or building fee-based, transparent PBMs.

NAVITUS

Thirty percent of Navitus clients **spent less in 2024** than in the previous year, despite overall market spend growth, expanded GLP-1 use and rising specialty medication prices.

Scripius

For one client, Scripius' first-year savings guarantee **reduced costs by 20%.** Whether by rebates, clinical programs or alternative distribution channels, Scripius seeks lowest-net-cost management. A member-focused approach also means Scripius will **never collect copays that exceed negotiated drug cost**.

Pharmacy Benefit Dimensions

An Independent Health company

In one example, PBD's targeted approach to cost containment helped a new employer group realize **18% in cost savings** compared to the year before.

In another example, PBD significantly **reduced a group's PMPM costs** from **$70.50 to $44.17.**

The fee-based, transparent PBM business model:

- Passes rebates and discounts back to purchasers. The PBM charges a flat administrative fee.
- Delivers transparency to the health plan throughout the entire drug supply chain.
- Achieves accountability and lower costs for patients and taxpayers.

THE BENEFITS OF TRANSPARENCY

Because of the current reliance on rebates, health care companies contracting with traditional PBMs have difficulty following the dollar and verifying savings. The unpredictability proves difficult for savings to be passed along to consumers. Imposing transparency requirements on PBMs will provide consumers, purchasers and health plans the information they need to access more affordable medications.

Scan to learn more.

For more information, please contact **achpadvocacy@achp.org**.