



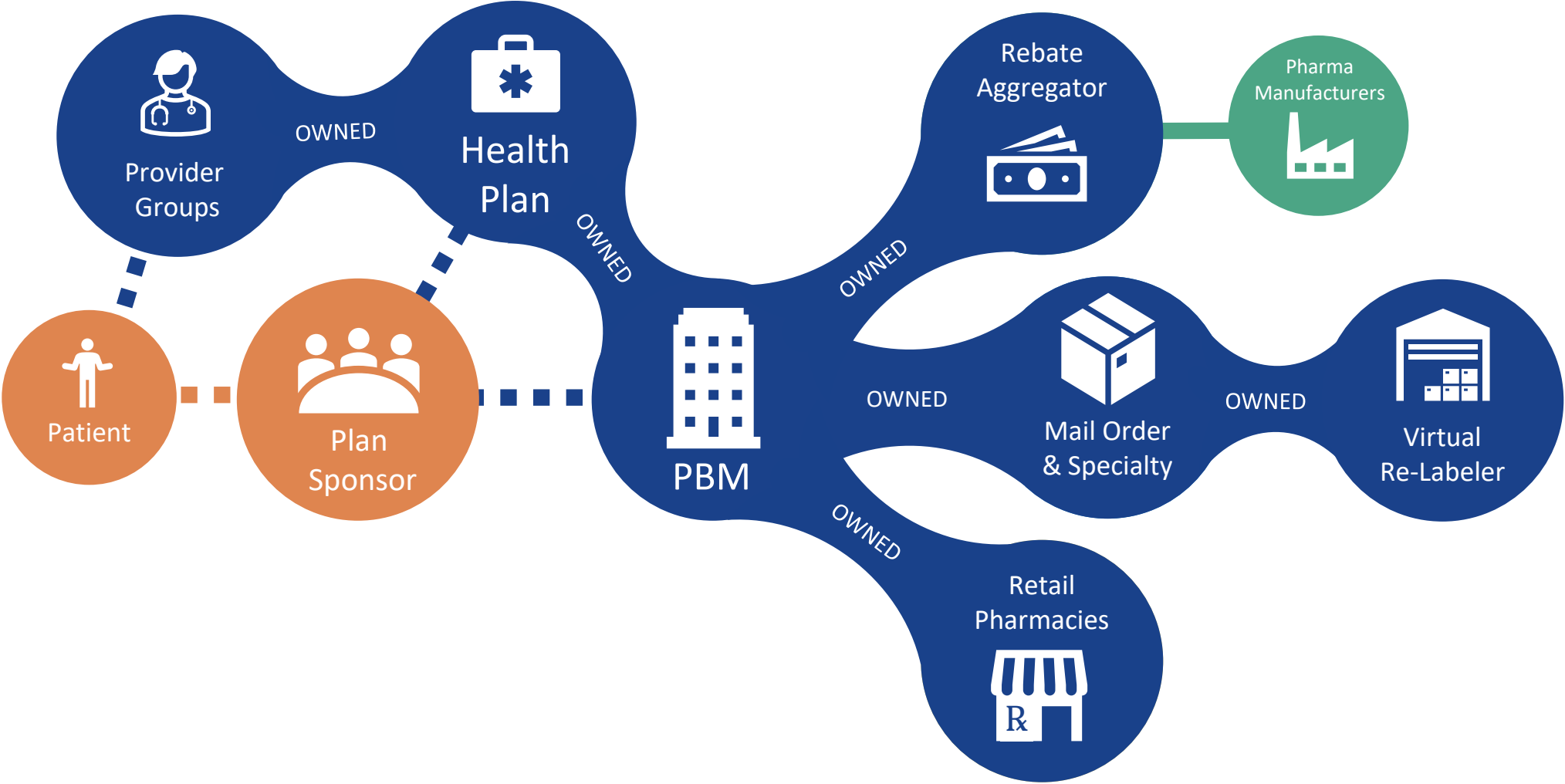
# Follow Your Fiduciary Dollars: Where Pharmacy Spending Creates (or Destroys) Value

**Josh Golden**

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Judi Rx



# The PBM's Evolving Role Within the Supply Chain





# Where Does a Typical PBM's Profit Come From?

|                                                                                     |                  | Profit Source         | Method of Profit                                                                                                | Potential Conflicts of Interest |                                                                                             |
|-------------------------------------------------------------------------------------|------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------|
|    | Admin Fees       | Administrative Fees   | Per claim or PEPM/PMPM service fees.                                                                            | ✓                               | None                                                                                        |
|                                                                                     |                  | Clinical Program Fees |                                                                                                                 |                                 |                                                                                             |
|    | Retail Network   | Retail "Spread"       | PBM charges client more than they reimburse the pharmacy.                                                       | ✗                               | PBM benefits from increasing drug prices. MAC contributes to price volatility for patients. |
|                                                                                     |                  | MAC Lists             | PBM juggles clients across multiple MAC lists to game outcomes.                                                 |                                 |                                                                                             |
|                                                                                     |                  | Network Fees          | PBM collects "participation fees" and "clawbacks" from retailers.                                               |                                 |                                                                                             |
|    | Mail & Specialty | Mail Order Pharmacy   | PBM dispenses drugs at a higher cost than they acquire them.                                                    | ✗                               | PBM will maximize the volume and the price of claims over time.                             |
|                                                                                     |                  | Specialty Pharmacy    | PBM dispenses specialty drugs with unknown retained margin.                                                     | ✗                               | PBM will steer members towards most profitable therapies.                                   |
|  | Pharma Revenue   | Manufacturer Payments | PBM receives multiple revenue streams from pharma, sharing only a portion with the plan.                        | ✗                               | PBM will steer members towards highly rebated products.                                     |
|                                                                                     |                  | Data Sale Revenue     | PBM sells aggregated claims data to pharma for market research                                                  | ✗                               | Details of data sharing are not disclosed to patients or plans.                             |
|                                                                                     |                  | Virtual Relabeling    | PBM co-markets drug product with manufacturer, controlling the price and retaining an unknown amount of revenue | ✗                               | Discourages market competition and conceals PBM revenue                                     |



# A New Wave of “Transparency”

FEDERAL & STATE LEGISLATION IS STARTING TO RESHAPE THE INDUSTRY

News | Articles | May 26, 2026

## Federal Actions Could Result in Increased Pharmacy Access, PBM Reform

Author(s) **Brian Nowosielski**

Listen

0:00 / 8:11

### Key Takeaways

- Unanimous committee approval underscores bipartisan support to prohibit PBM remuneration to employer-plan consultants tied to prescription volume
- Documented contracts paying brokers \$2.50 per prescription, bias plan recommendations, reinforcing consolidated claims.

INSIGHTS  
Employment, Benefits & Immigration

## California SB 41: Pharmacy Benefit Managers Now Held to Fiduciary and Transparency Standards

California establishes fiduciary duties and transparency mandates for PBMs, reshaping the PBM contracting landscape with health plans beginning in 2026

By Kara Maddalena and Lisette Sell

10.31.25

## Sweeping PBM Reforms Arrive: What the 2026 Federal Legislation Means for Pharmacies, Patients and Employers

SHARE:

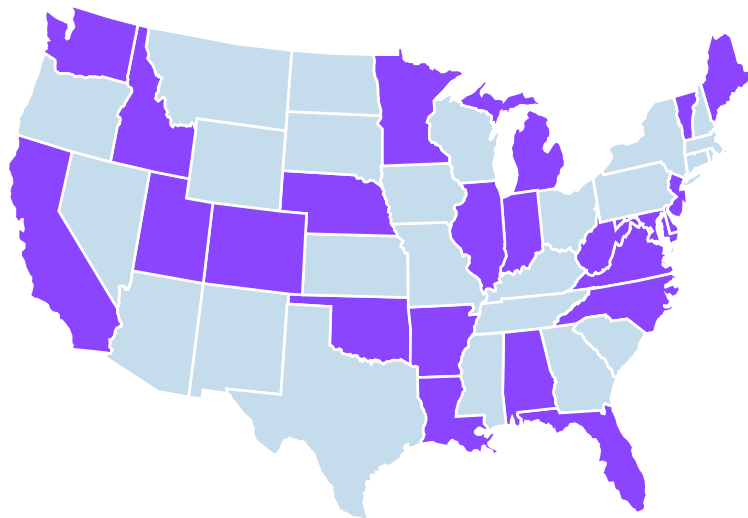


Manage Subscriptions

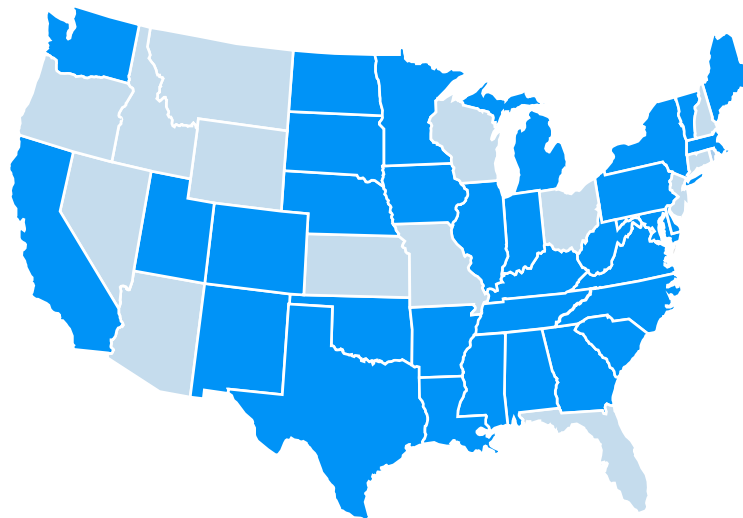
On February 3, 2026, Congress enacted the Consolidated Appropriations Act, 2026, marking a watershed moment in the regulation of pharmacy benefit managers (PBMs). With the passage of the Act, incorporating robust PBM reform language crafted in collaboration with the federal government has taken a decisive step toward increasing transparency, reshaping the prescription drug supply chain. These reforms promise to reshape the landscape for health plans, independent pharmacies and, most importantly, patients across the United States.



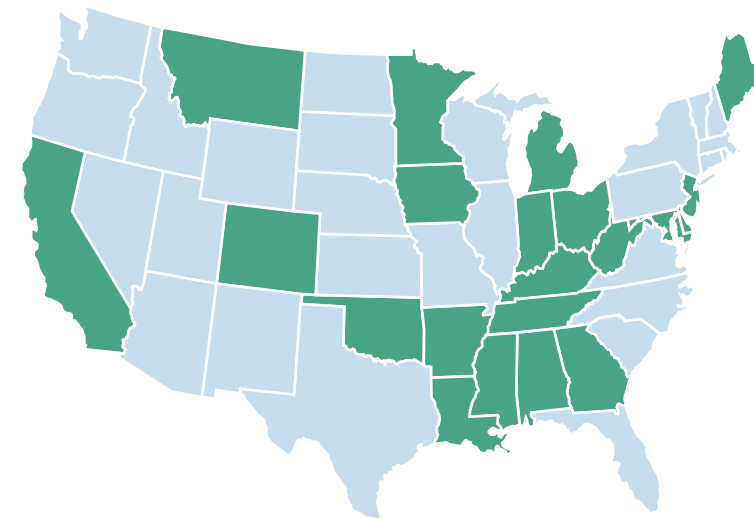
# The States: Crucibles of Experimentation for PBM Reform



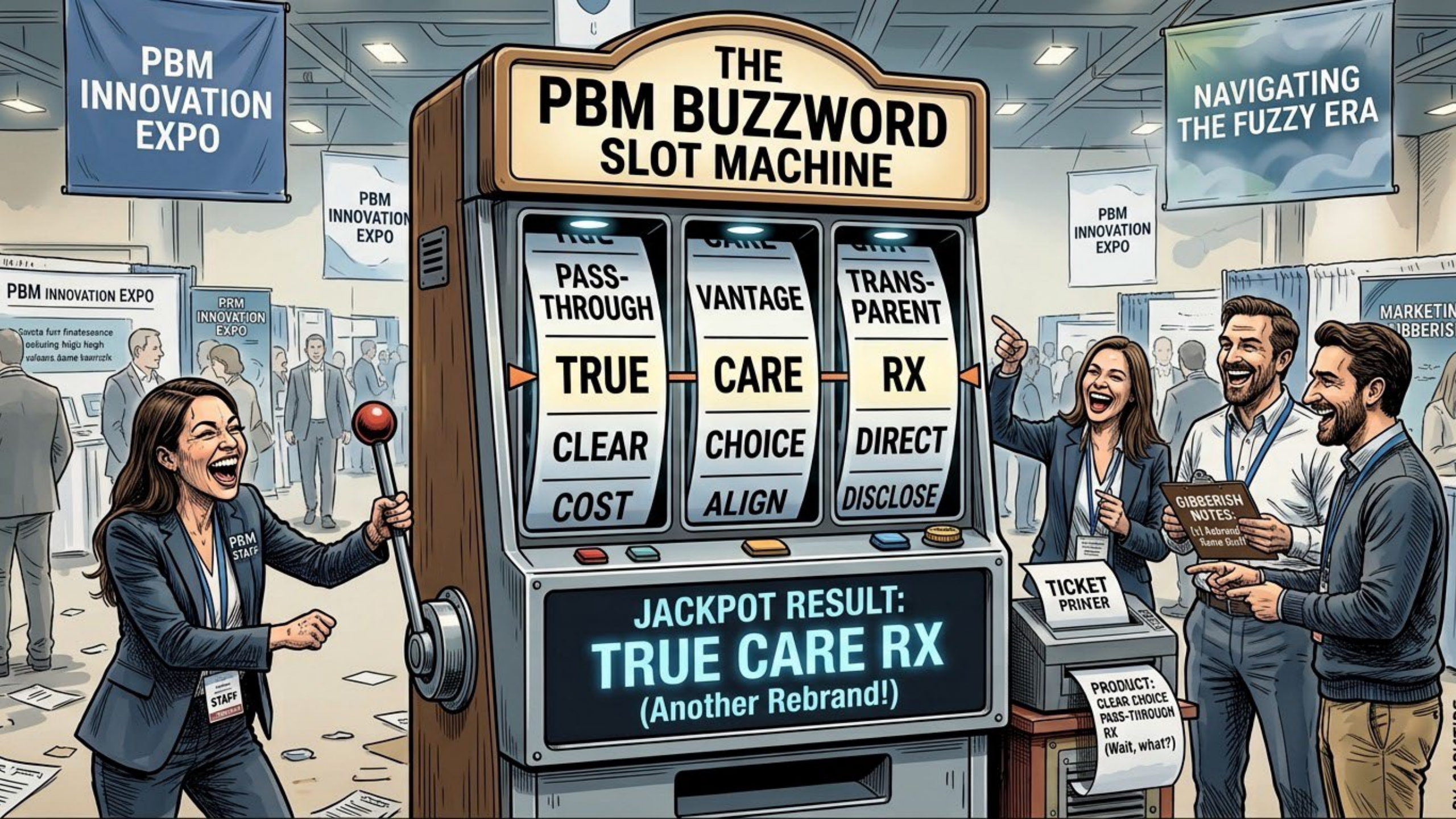
**Prevents or prohibits PBM  
spread pricing**



**Prohibits PBM  
discrimination against  
non-affiliated pharmacies**



**Requires reimbursement  
based on NADAC or  
another cost-plus index**



PBM  
INNOVATION  
EXPO

# THE PBM BUZZWORD SLOT MACHINE

NAVIGATING  
THE FUZZY ERA

PBM  
INNOVATION  
EXPO

PBM  
INNOVATION  
EXPO

PBM INNOVATION EXPO

PBM  
INNOVATION  
EXPO

MARKETING  
GIBBERISH

PASS-  
THROUGH  
**TRUE**  
CLEAR  
COST

VANTAGE  
**CARE**  
CHOICE  
ALIGN

TRANSPARENT  
**RX**  
DIRECT  
DISCLOSE

JACKPOT RESULT:  
**TRUE CARE RX**  
(Another Rebrand!)

TICKET  
PRINTER

PRODUCT:  
CLEAR CHOICE  
PASS-THROUGH  
RX  
(Wait, what?)

GIBBERISH NOTES:  
(1) Aelbrand  
Reme Guff

PBM  
STAFF

STAFF

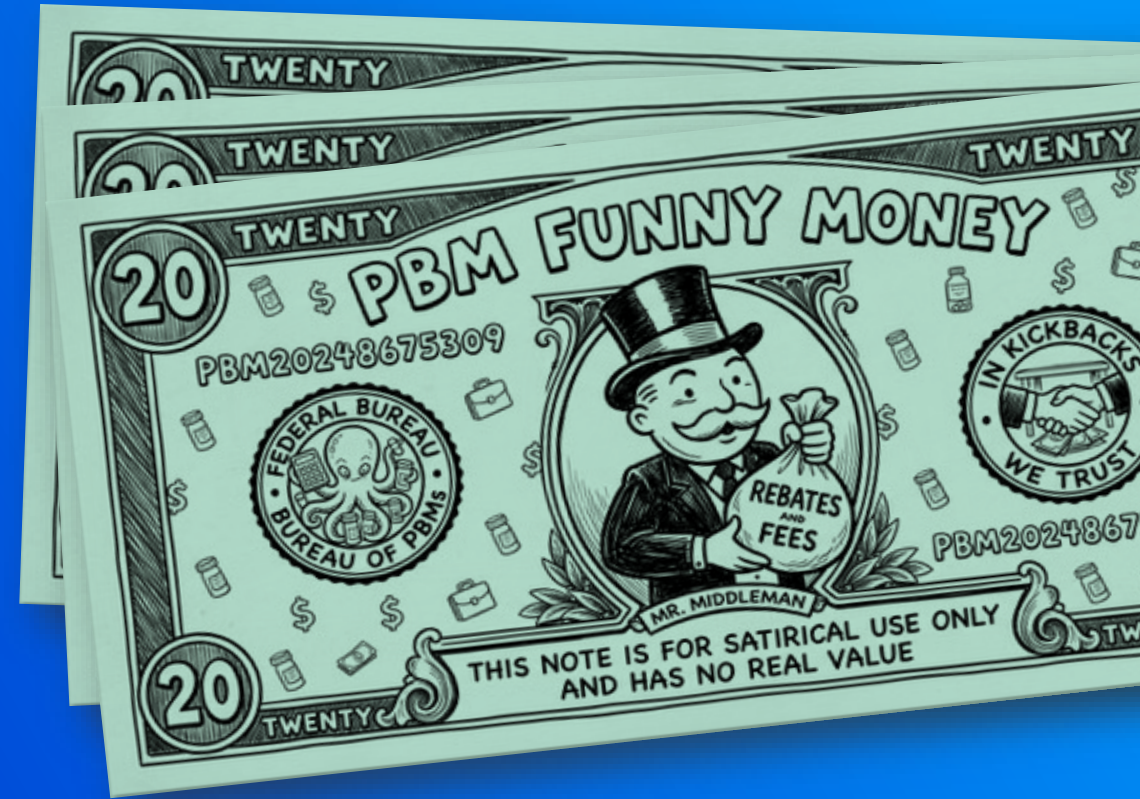


# Announcement:





# Understanding the Dollars Underneath the Dollars

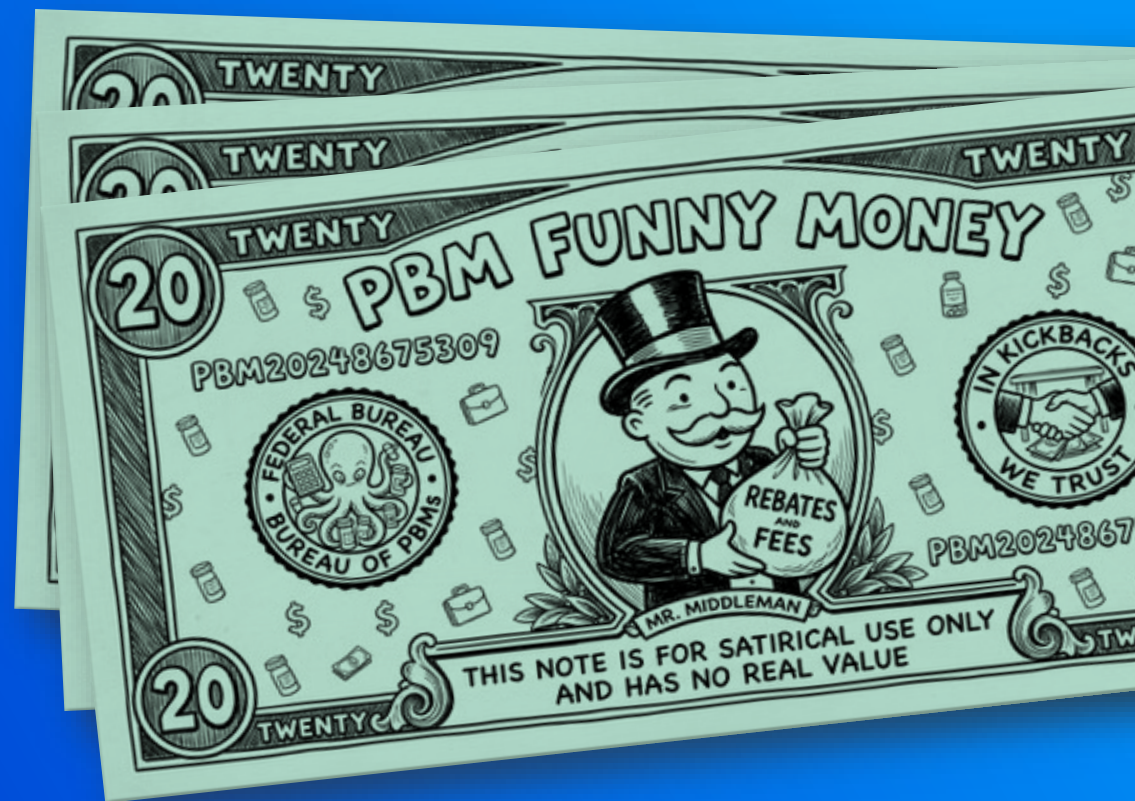


**RESULT: Two employers signed transparent deals with the same PBM, but ended up with very different drug prices.**



# Understanding the Dollars Underneath the Dollars

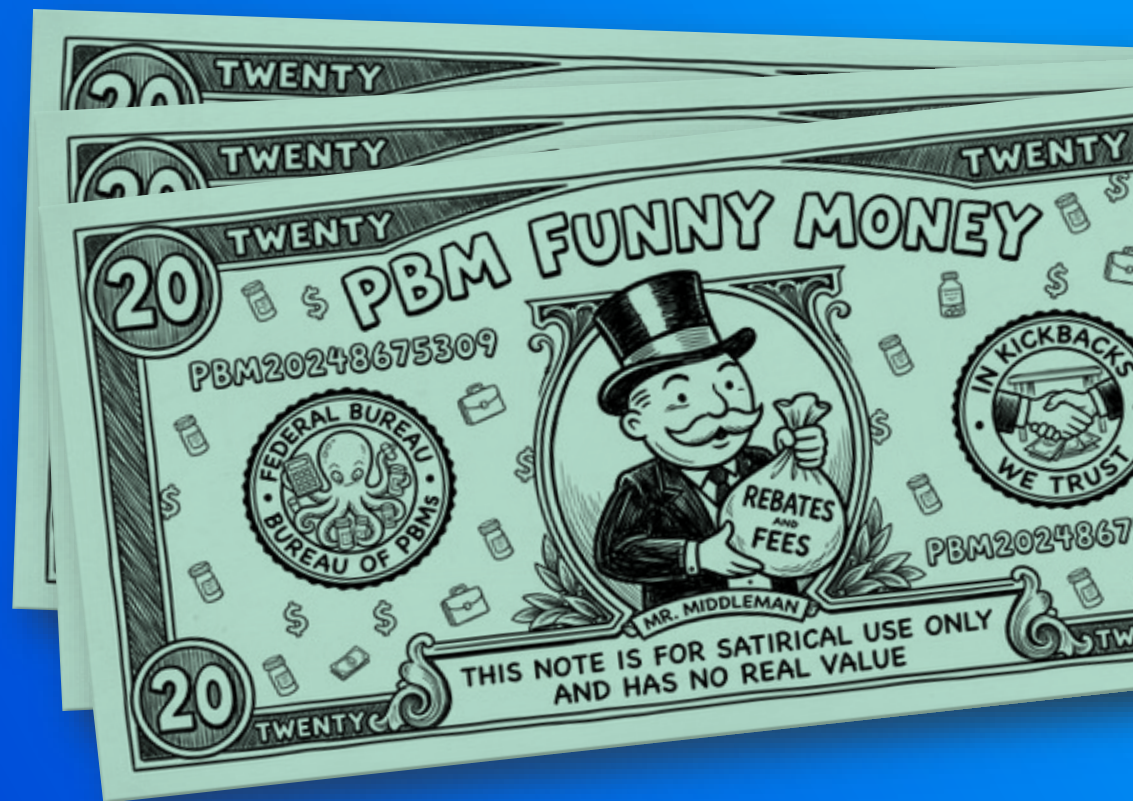
**LEVEL 2**



**RESULT: Two employers signed transparent deals.  
PBM made spread nonetheless.**



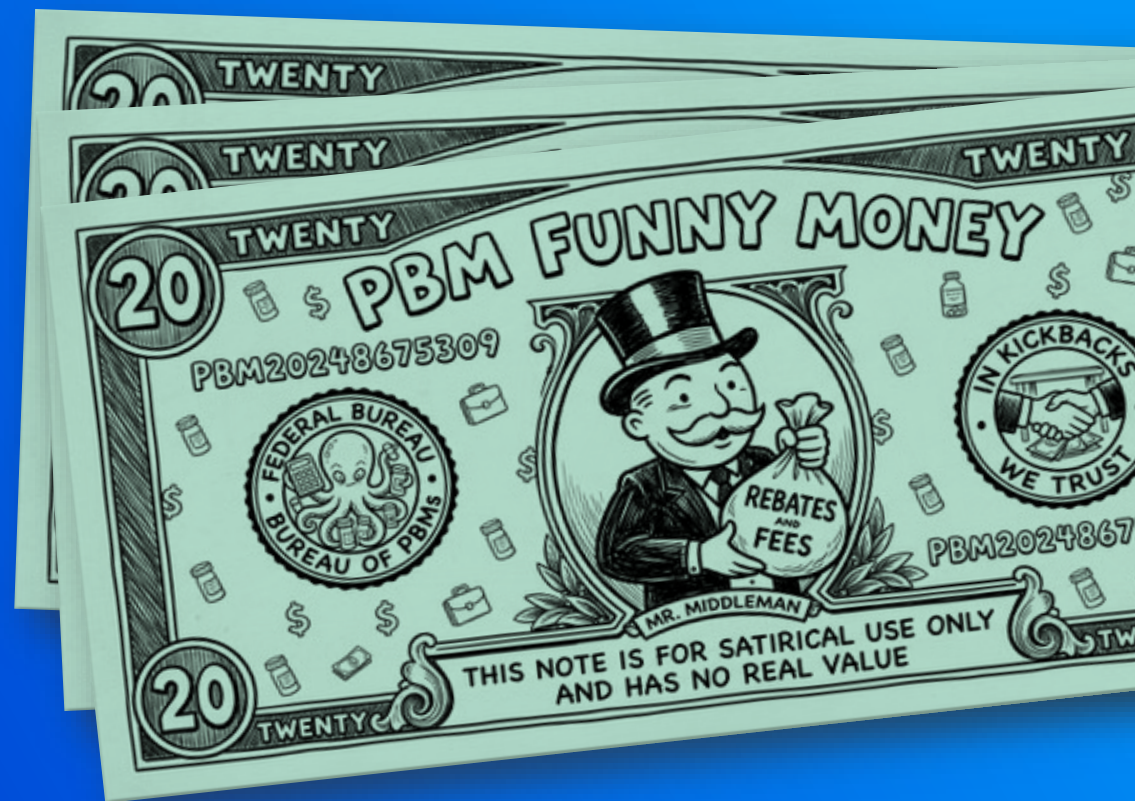
# Understanding the Dollars Underneath the Dollars



**RESULT: Two employers signed transparent deals with the same PBM, but ended up with different rebates.**



# Understanding the Dollars Underneath the Dollars



**RESULT: PBM promises a pass-through of all rebates, then re-buckets a rebate and keeps it.**



# Understand the Game. Rewrite the Rules.

## TRANSLATING OUR LEARNINGS INTO ACTION

### Network Arbitrage

- ✓ Require PBM to prove that your plan receives the lowest possible cost within their ecosystem for every claim.
- ✓ Disclosure of 835 file (reimbursements for all clients).

### Rebate Arbitrage

- ✓ Require NDC-level rebate reporting.
- ✓ Demand full audit rights into manufacturer agreements, including disclosure of multi-level contracting grids.

### Co-Label Rebate Recapture

- ✓ Require full financial disclosure for PBM-owned co-label entity, including all PBM-retained revenue.
- ✓ Consider custom biosimilar strategy.



# Moving From Arbitrage to Alignment

## UNDERSTANDING WHAT ACTUALLY DRIVES PHARMACY COST

- ✓ Compare PA approval/denial rates on top drugs
- ✓ Request UM savings projections with detailed analytics/methodology
- ✓ Normalize for different baseline pricing benchmarks (AWP vs. NADAC)
- ✓ Benchmark book-of-business PMPM trend across PBMs
- ✓ Assess refill-too-soon protocols

**INCLUDE IN BOTTOM-LINE COST PROJECTIONS**



# Moving From Arbitrage to Alignment

## UNDERSTANDING WHAT ACTUALLY DRIVES PHARMACY COST

- ✓ Require PMPM Trend Guarantees from each bidder
- ✓ Request Clinical/UM Savings Guarantees (with CLEAR methodology)
- ✓ Model net cost impact of top formulary exclusion alternatives
- ✓ Validate biosimilar conversion assumptions
- ✓ Project net cost impact of “brand-over-generic” strategies

**INCLUDE IN BOTTOM-LINE COST PROJECTIONS**

