What is a PSAO?

The typical PSAO represents thousands of pharmacies.

Here’s how PSAOs work:

- Negotiate and enter into contracts with third-party payers on behalf of independent pharmacies
- Negotiate reimbursement rates, payment, and audit terms
- Provide access to pooled purchasing power, negotiating leverage, and contracting strategies similar to large, multi-location chain pharmacy corporations
- Provide inventory and back-office functions to improve pharmacy business
- Allow rural pharmacies to more effectively negotiate contract terms than pharmacies operating in urban areas with many competitors

83% of independent pharmacies in the U.S. are represented by PSAOs

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1 Health Evaluations, “Pharmacy Services Administrative Organizations (PSAOs) and Their Little-Known Connections to Independent Pharmacies.”