

# Small Employers Prefer Options for Their Drug Benefit Contracts

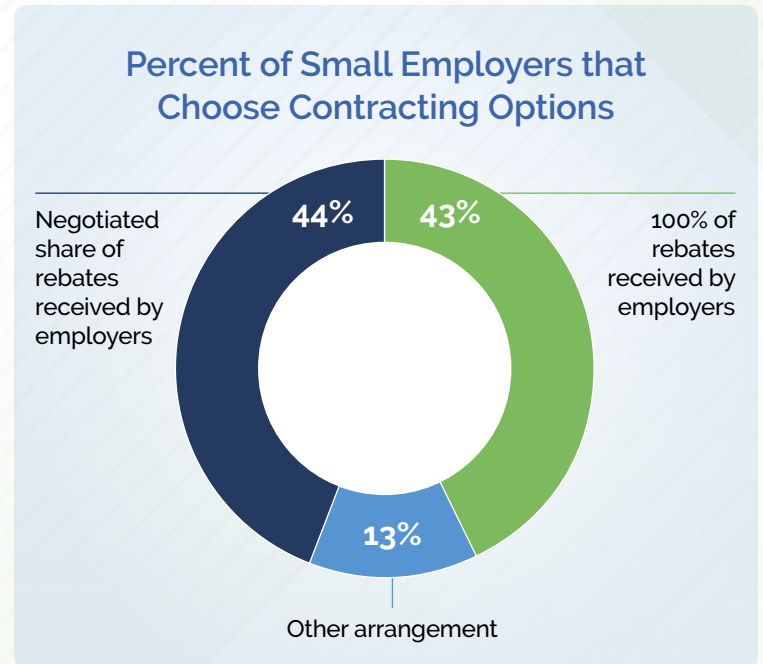
No employer or plan sponsor is required to use a pharmacy benefit manager (PBM)—they choose to do so because of the valuable services that PBMs provide in lowering prescription drug costs for them and their plan enrollees. These services include negotiating price concessions from manufacturers and pharmacies, building affordable pharmacy networks for enrollees, managing the formularies that plan sponsors have designed and chosen, providing clinical services, and processing and adjudicating pharmacy claims.

**Employers and other health plan sponsor payers choose how to compensate their PBM for the services and programs they provide.**

One choice is to allow PBMs to keep a portion of the rebates and discounts they negotiate from drug companies as compensation. Health plan sponsors—such as employers and labor unions—can also choose to retain the negotiated rebates by asking their PBM to pass through 100% of the rebates to them. In these contracts, payers typically compensate their PBMs via fees.

Small employers have a variety of options in the type of compensation contracts they can choose. **In 2022, less than half chose a 100% pass-through contract, while 44% chose for their PBM to retain some of the rebates.**<sup>1</sup> Small employers take advantage of the opportunity to choose the pharmacy benefit contract that works best for them and their employees.

Not only do employers make their own choices, but they are also satisfied with their PBM and the services they receive. According to a recent survey of 691 employers:<sup>2</sup>



**96%**

of employers feel confident in their organization's ability to make decisions regarding prescription drug benefits correctly.

**90%**

of employers expressed satisfaction with their PBMs' clarity and transparency of contract terms.

**88%**

of employers expressed satisfaction with their PBMs' ability to provide the lowest costs for employees at the pharmacy counter.

**90%**

of employers that received rebates in the last 12 months applied them towards at least one activity to offset the cost of their prescription drug benefits.

<sup>1</sup> Drug Channels. "Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers." 2023.

<sup>2</sup> For full survey information, see NORC. "Employers' Experiences with Managing Prescription Drug Benefits." 2024.

## ABOUT PCMA

PCMA is the national association representing America's pharmacy benefit companies. Pharmacy benefit companies are working every day to secure savings, enable better health outcomes, and support access to quality prescription drug coverage for more than 289 million patients. Learn more at [www.pcmanet.org](http://www.pcmanet.org).