EMPIRX HEALTH

Pharmacy Benefits Made *Simple*

How to Choose a PBM That Works for Your Employees and Your Bottom-Line

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The Big Picture: A Closer Look at Pharmacy Benefits

Prescription drug costs are rising quickly. For HR leaders and employee benefits teams, prescription drugs account for a growing share of their organization's health benefits plan budget, yet many lack clear insight into how these dollars are spent and whether employee health is even improving.

The pharmacy benefits landscape can feel complex. Each prescription involves manufacturers, physicians, pharmacies, insurers, and various intermediaries. Skyrocketing costs of specialty medications, lack of price transparency, and conflicting incentives further complicate the drug supply chain and cost control.

It's no wonder that so many employers and HR executives struggle to navigate the rapidly evolving and fragmented pharmacy benefits environment.

Pharmacy benefit managers (PBMs) help manage the connections between your organization, employees, drug manufacturers, and pharmacies. A PBM's primary role is to design and manage pharmacy benefit plans, which includes determining which drugs are covered, how much members pay, and rules for accessing medications. A PBM should make the medication management process easier by helping companies control spending and ensuring employees receive safe, effective medications based on their unique needs.

PBMs were originally established to help manage problems like the rising costs of prescription medications and the growing complexity of the drug distribution channel, while also delivering cost savings to benefit plan sponsors. However, the traditional PBM operating model often prioritizes high volumes of expensive prescriptions and rebate-driven revenue, rather than focusing on improving health outcomes.

An effective PBM model prioritizes people over profit, focusing on member health rather than chasing rebates or increasing prescription drug volumes.

For HR-benefits managers, finding a PBM partner that meets these needs can be a challenge. This guide discusses how PBMs work, what questions to ask when evaluating them, and how a pharmacist-led, clinically-driven PBM model can improve employee health outcomes while providing your organization with substantial cost savings.

PBM 101

PBMs emerged in the 1960s to help administer pharmacy benefits and control prescription drug spending. When an employee fills a prescription, the PBM determines coverage, applies negotiated pricing and cost-sharing, and processes the claim, while managing utilization rules and manufacturer rebates on the backend.

Different PBMs operate under different models, using distinct platforms and processes to manage pharmacy benefits for employer-sponsored health plans.

The main functions of a PBM include:

Formulary Management

- Developing and managing formularies, which are lists of medications that are covered under specific benefit plans, designed to provide cost-effective medication options.

Drug Utilization/Clinical Review

- Conducting ongoing reviews to assess the clinical appropriateness and effectiveness of prescribed medications.

Pharmacy Network Management

- Negotiating contracts with pharmacies to create pharmacy networks where plan members can obtain their medications and trusted advice from pharmacists.

Cost Containment Strategies

- Implementing various cost containment strategies to optimize the cost of medications.

Claims Processing & Adjudication

- Processing prescription claims to verify coverage, calculate copays, and reimburse pharmacies for dispensed medications.

Medication Therapy Management

- Developing and implementing clinical programs to improve plan member health outcomes and ensure the safe, effective use of medications.

While these are key responsibilities, an effective PBM should also act as a partner that supports employee care, not just an organization that processes transactions and manages rebates from manufacturers.

The right PBM becomes an extension of your benefits team, working to keep employees healthy and costs manageable.

Why PBMs Are Under the Microscope, and What a Better Pharmacy Care Model Looks Like

Since PBMs were established, their role in the pharmaceutical supply chain has grown dramatically. They are now major players that impact drug pricing, prescription plans, and the prescription lifecycle, directly influencing employer benefits plans and the employee/patient experience.

This growing level of influence comes with increased scrutiny. As companies, providers, and patients become more informed, they also have more questions about the way PBMs operate.

Market Fairness and Accountability

Today, the industry's largest traditional PBMs control over 80% of the market, demonstrating their increased power over time. These legacy PBMs are now part of massive, vertically integrated insurance companies that also own pharmacy networks where they frequently require patients to fill their prescriptions.

The practices of these large, legacy PBMs have been scrutinized by federal and state policymakers and key government regulators like the Federal Trade Commission (FTC) due to opaque and confusing rebate systems. For example, traditional PBMs have been criticized for employing "spread pricing," where PBMs may charge the employer's benefit plan more for a drug than they reimburse the pharmacy. The problem has escalated to the point that independent pharmacies are often reimbursed less than what they have paid for the drugs they dispense to patients. The result has been an alarming number of community pharmacy closures, driven by the unfair business practices of the largest PBMs.

Policymakers at all levels have responded with bipartisan legislation designed to curb certain business practices of these legacy PBM companies. In recent years, major PBM reform bills have been proposed in both the U.S. Senate and House of Representatives.

In fact, federal PBM reform measures were recently signed into law, including new requirements for rebate pass-through, disclosures, flat-fee service arrangements and enhanced oversight.

PBM reform legislation is also now under consideration in virtually all 50 states. In 2025, major PBM reform actions became law in states such as Massachusetts, Arkansas, Iowa, and most recently, California.

A New Direction

This growing attention from both legislators and regulators has created a brand new sense of empowerment for HR and benefits leaders. Employers are now empowered to ask tougher questions about how drug prices are set, how rebates are shared, and how clinical programs support employee health. The threat, and growing reality, of meaningful PBM reform has helped to put the power back in the hands of benefit plan sponsors and their HR-benefit teams, exactly where it belongs.

The goal isn't to completely replace the PBM model, but to make it work more efficiently and transparently for patients, employers, and the healthcare system overall.

Bridging the Gap: What HR Teams Need from a Better PBM

For most HR and benefits leaders, success is measured by the people they serve and the positive impact they make on their organizations. Employees who are already experiencing health challenges must be informed and feel confident in their prescription benefits without spending hours studying plan details or making frustrated calls to determine coverage.

Employers often find PBMs create more questions than answers. Complex and unclear pricing, spotty service, and limited accountability can leave benefits teams feeling powerless.

To partner with the best PBM for their bottom line and advance the health of their employees, HR and benefits leaders should set these standards when choosing a PBM partner:

- Delivers **exceptional member experiences** with top-tier support that resolves issues on the first call.
- Ensures **smooth implementation** with onboarding guidance that keeps prescriptions uninterrupted.
- Provides **expert guidance** using pharmacists to offer the most clinically-appropriate, cost-effective recommendations that prioritize patient health, not financial considerations.
- **Controls costs** by using a clinically-driven approach to pharmacy benefits management.
- Maintains **transparency and accountability** with clear, auditable reports on costs, savings, and performance.
- Offers **dedicated client service** to support HR teams directly and resolve employee issues quickly.
- **Actively manages claims** to identify appropriate, cost-effective alternatives and reduce unnecessary spending.

Getting Off to a Good Start: Why Implementation and Support Matter

Switching PBMs is a big decision. HR-benefits teams already have so much to manage, and any program change can cause disruption. This can lead to confused employees, delayed prescriptions, or extra hours spent learning and troubleshooting the pharmacy benefits plan. As such, effective pharmacy benefits plan implementation and support demonstrate the quality of a PBM and must be considered when choosing a new PBM partner.

A thoughtful transition plan will help you navigate every step of the implementation process. Transitioning to a new pharmacy benefits partner can often be stressful, but with the right partner, it doesn't have to be. The main concern most employers have is the impact on their employees/members, specifically losing access to prescriptions or delays in getting them filled. A PBM should understand the implications of those delays and offer protected access to prescriptions during the transition period. EmpiRx Health, for example, offers a unique Transition of Care solution, which enables members to continue taking their originally prescribed medication for 90 days (or more) during the transition period.

A successful PBM implementation and transition process is defined by the following elements:

- ☑ **Clear communication:** Employees should know what's changing, what's staying the same, and how to get help right away, when they need it.
- ☑ **Continuity of care:** No one should lose access to necessary medications during the switch.
- ☑ **Dedicated support:** A team that guides HR and employees through setup, enrollment, and early use.
- ☑ **Ongoing check-ins:** Continuous collaboration to refine the plan as needs evolve.
- ☑ **Hands-on onboarding support:** Leading PBMs offer representatives to help during rollout, providing live, personalized support for both HR staff and employees during transitions.
- ☑ **Transition of care assurance:** Look for a PBM partner that allows members to continue their current prescriptions for a defined period (such as 90 days) during implementation to prevent care gaps.

A smooth transition builds confidence and sets the tone for the entire relationship. For HR-benefits leaders, it provides reassurance that your employees will be taken care of.

A PBM that emphasizes a positive transition experience will make employees feel supported from the start, helping to improve engagement and trust in their organization's benefits program.

Clinically-Driven Care: Better Results, Lower Costs

When it was established more than a decade ago, EmpiRx Health took a revolutionary step by putting pharmacists at the center of the PBM service model. Today, EmpiRx Health is the only true pharmacist-led and clinically-driven PBM company. EmpiRx Health's pharmacist-centric PBM model, called "MO," which stands for Medication Optimization, is one of one in the pharmacy care industry. This pharmacist led PBM model is reinventing pharmacy care by shifting from the old volume- and rebate-driven PBM practices to clinically-appropriate pharmacy benefits management.

With MO, EmpiRx Health's team of in-house pharmacists leverage its proprietary, AI-powered pharmacy care platform, Clinically™, to optimize the patients' drug mix. They then make medication therapy recommendations backed by research and results that help keep patients healthy while delivering guaranteed savings to HR-benefits teams at organizations that sponsor healthcare plans. EmpiRx Health's expert clinical pharmacists work directly with the patients' prescribers to make sure every patient gets the right prescription, at the right dosage and time, at the right cost.

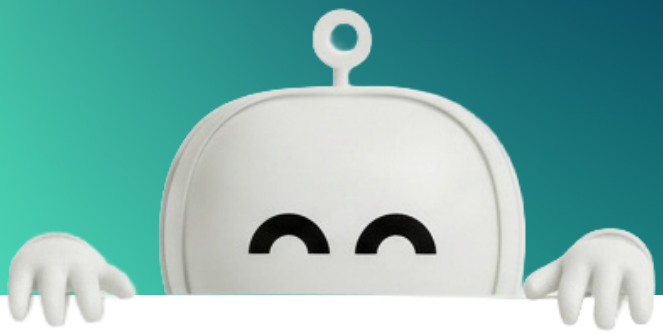
The overall result is improved patient health outcomes and sustainable reductions in prescription drug spending and costs. With MO, EmpiRx Health clients can expect an average 15% decrease in drug spend in the first year alone. In addition, the clients' drug spending is continually optimized through MO, keeping costs down in succeeding years and compounding the "MO Savings" over time.

MO

EmpiRx Health's approach ensures the best care for the members, along with a superior member experience resulting in:

- Reduced waste and unnecessary prescriptions
- Members taking medications as prescribed
- Healthier, more productive employees
- Meaningful and sustainable cost savings for plan sponsors

EmpiRx Health offers their MO Savings Guarantee, which is based on measuring and verifying outcomes annually, and reimbursing plan sponsors dollar-for-dollar if the guaranteed savings aren't met.



How to Choose a PBM Partner with Confidence

Although there are significant changes on the horizon for the PBM industry, there are already PBMs that have adapted to the need for increased transparency and broader reform. These initiatives have the potential to fundamentally reshape pharmacy care. By prioritizing patient care and affordability, these pharmacy care companies are building new models that put employers back in control of their pharmacy benefits.

Choosing the right PBM is one of the most important health plan decisions an HR-benefits team can make. It affects your budget, employee morale, productivity and well-being, and the ability to deliver a benefits program that truly serves your people.

When evaluating potential partners, evaluate more than pricing models. Ask critical questions upfront – like how they manage clinical oversight, measure performance, and how they would support a transition to their plan – to help you better understand what the prospective PBM partner prioritizes, how they will treat your members/employees, and their level of accountability to you as their client. Look for a PBM that values what you value: your employees' healthcare outcomes and your bottom line. An employer's PBM should feel like an extension of their team. It should empower an organization with data-driven insights, clinical expertise, and a commitment to doing what's best for benefit plan members.

This kind of partnership delivers benefits that go far beyond the prescription counter.

We look forward to hearing from you.

Your employees deserve a pharmacy benefits system that works for them.

To learn more, email EmpiRx Health at info@empirxhealth.com
Or call 877-361-4338 and select option 3.

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