



NATIONAL INSTITUTE FOR
PUBLIC EMPLOYEE
HEALTH CARE POLICY

The Relationship between PBMs and Public Sector Health Care Purchasers: Insights from Plan Sponsors

About PBMs

A **PBM (Pharmacy Benefit Manager)** is a third-party administrator that manages prescription drug benefits on behalf of health insurers, employers, and other payers. PBMs play a key role in controlling drug costs, designing formularies, negotiating discounts and rebates with drug manufacturers, collaborating with pharmacies, and processing prescription claims.

By The Numbers



AVERAGE
LENGTH OF
TIME WITH
CURRENT PBM
~10 years

AVERAGE
RE-BID OF
PBM
CONTRACT
4 years



80%
RESPONDENTS
SATISFIED OR
HAVE A NEUTRAL
OPINION ABOUT
THEIR PBM

100%
of Respondents

RESPONDENTS RELY ON THEIR PBM FOR FORMULARY MANAGEMENT
RESPONDENTS RELY ON THEIR PBM FOR PRIOR AUTHORIZATION



89%

RESPONDENTS RELY
ON THEIR PBM FOR
MEDICATION
THERAPY
MANAGEMENT

RESPONDENTS
RELY ON THEIR
PBM FOR DRUG
UTILIZATION
REVIEW (DUR)

100%



RESPONDENTS
RELY ON
THEIR
PBM FOR
REBATES

About the Survey

The **National Institute for Public Employee Healthcare Policy**, in collaboration with the **Public Sector HealthCare Roundtable**, surveys public sector purchasers each year to identify key trends in specialty drug utilization and spending, in addition to insights on their relationships with PBMs. This infographic showcases key insights from the 2024 survey, focusing on how plan sponsors utilize PBMs.

PBM Trends in Public Sector Payers

TYPE OF CONTRACTS WITH PBMs

53% Pass Through with Flat Administrative Fees

18% Traditional with Spread Pricing

18% Other Contracting Variations

SERVICES

Plan sponsors are looking for **more personalized services and educational support, particularly with specialty medications, prior authorizations, and step therapy.**



OPTIMIZATION

- Greater transparency
- A focus on rising drug costs
- Lower drug prices

LOOKING FORWARD

1

There is a growing interest in enhanced website functionality, including better accessibility and improved user experience for members.

2

There is a growing interest in innovations like pharmacogenomics and gene therapy, driving demand for advanced, integrated pharmaceutical solutions.

About Us



The **National Institute for Public Employee Health Care Policy** is a non-profit (501)(c)(3), nonpartisan, national policy institute focused on public policy areas impacting health care plans available to public sector employees, retirees, and their beneficiaries. The Institute conducts research, develops authored papers and issue briefs, and hosts events to raise awareness and educate the Washington, D.C., policy community.



The **Public Sector HealthCare Roundtable** is a non-profit, non-partisan, member-directed coalition that exists to give public sector health care purchasers and state and local health plan administrators a voice in the design, development, and implementation of national health care policy. The Roundtable does this by providing in-depth policy analysis and a forum to engage with key Washington, D.C. decision-makers collectively.