RxBenefits®

Not All Pharmacy Benefits Partners Are Created Equal

Understanding the difference between a PBM and a PBO



At a glance, pharmacy benefits managers (PBMs) and pharmacy benefits optimizers (PBOs) may seem similar, but their models are fundamentally different.

A **PBM administers** pharmacy plans but, because they own other businesses like pharmacies, their interests may not always align with that of employers. A PBO **works independently and advocates on behalf of employers to optimize** their plans through cost-saving opportunities, and advanced clinical management, thus delivering consistent, sustainable results.

The biggest difference?
A PBO operates in the best interests of the plan and its members – 100% of the time.

Let's look at the key distinctions HR leaders should understand when evaluating which type of vendor best aligns with their organization's goals.

	Traditional PBM	PBO
Business Model	Profits from steering, spread pricing, withholding rebates, and formulary placements in response to manufacturer incentives that may not be in the client's best interest.	Operates under a client-aligned model. Paid a flat fee. Does not generate revenue from formulary placement incentives, spread pricing, or dispensing fees.
Clinical Management	Often relies on automated systems to approve high-cost medications without sufficient checks and balances. Can lead to inappropriate or unnecessary prescriptions slipping through, increasing cost and risk.	Independent, pharmacist-led clinical utilization management ensures the right therapy at the right cost, focusing on safety, effectiveness, and long-term savings.
Freedom and flexibility	Typically offers one-size-fits-all offerings without the ability to tailor to the client's unique needs.	Offers access to a competitive marketplace of traditional and transparent options so employers can choose the solutions that fit their goals.
Reporting and Oversight	Consolidated reporting without detailed insights into plan performance at the pharmacy level.	Detailed, transparent reporting with actionable data-driven insights and optimization recommendations shared through quarterly business reviews.

Why It Matters for HR Leaders

Prescription drug prices are on an ever-upward trajectory, with pharmacy benefits costs expected to increase more than 8% this year. HR leaders are increasingly challenged in their efforts to offer robust benefits that keep employees engaged while keeping plan costs sustainable.

As a PBO, we are the stewards of our clients' plans. We offer:

Enhanced decision-making

We analyze current plan economics, utilization patterns, and drug mix to help clients choose the right plan design and solutions so they can make strategic decisions to reduce plan costs while minimizing member disruption.

Ongoing monitoring and optimization recommendations

We constantly monitor changes in the market and plan membership dynamics to understand how utilization patterns may be changing, whether there are changes in member population that could impact plan economics, and what new drugs may be coming to market to help clients stay ahead of evolving trends and emerging challenges for sustainable success.

Contact your benefits advisor to explore how a PBO approach could transform your pharmacy benefits management experience.

EXPLORE THE PBO DIFFERENCE

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