Fiduciary Summary

Below is a summary that breaks down the core fiduciary responsibilities based on the Employee Retirement Income Security Act of 1974 (ERISA). This law establishes a framework of fiduciary duties to ensure plan sponsors act in the best interest of plan participants. Illuminate Rx supports meeting ERISA's core fiduciary duties while reducing structural conflicts common in traditional PBM models. Managing employee pharmacy benefits under ERISA is not just a responsibility, it's a critical commitment to employees' well-being and an organization's success.

ERISA Fiduciary Duty	Illuminate Rx
Duty of Undivided Loyalty to Plan Participants	• Compensation is independent of drug selection and list prices • Passes through 100% of manufacturer earned rebates to the plan • PMPM administrative fees reduce incentives to favor high-cost drugs
Duty of Prudence	• Transparent pricing and utilization reporting • Clear visibility into cost drivers (specialty, GLP-1s) • Enables informed monitoring and benchmarking • Drug level rebates ensure you see what's earned before and after plan changes
Duty to Diversify Plan Investments (applied to pharmacy benefit risk)	• Reduces reliance on rebates • Supports balanced drug-mix strategies (generic, biosimilar, brand) • Visibility into concentration risk (e.g., single-drug or specialty spend)
Duty to Administer the Plan in Accordance with Plan Documents	• Pharmacy administration aligned to plan design specifications • Clear documentation supporting plan terms and amendments • Supports consistency between SPDs, SBCs, and PBM operations
Reasonableness of Plan Expenses (cross-cutting duty)	• Predictable PMPM fees enable independent benchmarking • Clear separation of vendor compensation from drug cost
Fiduciary Documentation Readiness	• Straightforward documentation suitable for fiduciary files • Supports defensible committee decisions
Prohibited Transaction Risk	• Low—no indirect compensation tied to rebates or spreads

Disclaimer

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