

NEWS BRIEF

Major PBM Optum Rx to Pass on 100% of Rebates



Optum Rx, the pharmacy benefit manager (PBM) subsidiary of UnitedHealth Group, has announced plans to [pass 100% of rebate drug discounts to clients by 2028](#). This initiative aims to enhance transparency and address concerns over how PBM practices impact prescription drug costs.

PBMs like Optum Rx negotiate rebates with drug manufacturers to lower consumers' medication costs. These rebates include payments from pharmaceutical manufacturers and discounts or refunds provided by pharmacies. They are then passed on to other players, such as insurers, unions and plans that contract with the PBM.

Optum Rx has committed to increasing the pass-through of rebate discounts, currently reaching 98% and targeting full pass-through by 2028.

In addition to rebate pass-through commitments, Optum Rx is introducing new programs to support independent pharmacies. These initiatives include higher reimbursements for generics and branded drugs, as well as programs designed to assist pharmacists in managing patients' social needs and chronic conditions.

“This will help make more transparent who is really responsible for drug pricing in this country: the drug companies themselves.”

-UnitedHealth Group CEO Andrew Witty

PBM Reform

This move from Optum Rx comes amid heightened scrutiny of transparency and pricing practices by federal agencies and bipartisan support from lawmakers for PBM reform. Critics argue that not all savings are passed on to consumers or plan sponsors, and current PBM practices lack pricing transparency and raise the costs of many drugs.

UnitedHealth Group's CEO, Andrew Witty, has defended the role of PBMs, stating that they play a vital role in holding drug prices down by negotiating discounts with manufacturers. He emphasized that PBMs like Optum Rx deliver significant savings annually compared to manufacturer-set pricing.

Summary

Industry experts see this announcement from Optum Rx as a possible shift in the industry toward full rebates and more transparency. Although many smaller PBMs already pass through 100% of rebates, other large players also still keep a percentage of rebates but could follow with similar actions.

While this announcement will pass on some savings to employers, it is largely seen as a way for Optum Rx to engage in the reform of PBM practices proactively. This move puts Optum Rx ahead of potential legislation that would no longer allow PBMs to keep any rebates from passing through to employer-sponsored health plans.

Employers can look for more actions from major PBMs in 2025 and should stay apprised of legislation for PBM reform.

Contact us for more resources.

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