HOW RISK MITIGATION (SPREAD) PRICING HELPS DRIVE LOWER DRUG COSTS

A risk mitigation (sometimes referred to as spread) pricing model provides employers and other health plan sponsors with cost predictability by giving them a price-certain for prescription drug benefit payments to pharmacies.

PLAN SPONSOR

PBM

$140 for Drug X

Risk mitigation (spread) pricing holds the client harmless for their enrollees' pharmacy shopping choices and aligns the interests of the PBM, pharmacy, and plan sponsor to achieve the lowest possible cost.

If what the pharmacy charges the PBM is more than the rate agreed between the plan sponsor and the PBM, the PBM takes a loss. If the pharmacy charges less, the PBM earns a margin.

PHARMACY

PHARMACIES

Different pharmacies have different negotiated rates.

Pharmacy A: $140 for Drug X

Pharmacy B: $135 for Drug X

Pharmacy C: $150 for Drug X

PBM guarantees plan sponsor a rate of $140 and takes risk on which pharmacy(ies) the plan's enrollees choose to fill their prescriptions.