



Transparent vs. Traditional PBMs: What's the Best Choice?

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In the world of pharmacy benefits, “transparency” has become a golden word—implying clarity, fairness, and alignment. It’s a label many employers instinctively trust, and it often drives purchasing decisions before contracts are even reviewed.

But here's the catch: transparency doesn't always mean what people think it does. And assuming it does can be a costly mistake.

Transparency Is a Pricing Model—Not a Promise

In a transparent PBM arrangement, the plan sponsor typically pays a clearly defined administrative fee. Any other sources of revenue—like rebates or specialty pharmacy margins—are disclosed (at least in theory) and often passed through.

This can feel reassuring, especially for employers who've felt burned by opaque, spread-based pricing models in the past. But transparency, as a model, doesn't inherently guarantee better pricing, lower net cost, or stronger outcomes. It only guarantees visibility into the structure.

And sometimes, what's visible still isn't enough.

What a Transparent PBM Model Doesn't Tell You

It's entirely possible to have a fully transparent PBM contract and still overpay. Transparency simply means you can see how the PBM makes money—it doesn't guarantee that you're getting the best financial outcome. For example, a traditional PBM might offer an 85% discount off the Average Wholesale Price (AWP), while a transparent PBM only offers 82%. Even though the transparent PBM discloses every fee and revenue stream, the net price is still higher. Transparency is valuable, but it's not a substitute for performance—it's just one lens through which to evaluate the true value of a contract.

There's often an assumption that transparency equals alignment—that a transparent PBM will naturally act in the best interest of the employer and their members. But transparent PBMs are still businesses. That's why it's important for employers to look beyond the model and evaluate performance on multiple levels.

Traditional Models

Just as transparency isn't a magic bullet, traditional PBM models aren't inherently flawed. In fact, some traditional PBMs offer significantly stronger pricing, deeper network discounts, and access to programs that deliver major savings—especially around specialty drugs.

With the right contract protections—auditing rights, market checks, formulary flexibility—traditional models can deliver excellent results.

The key isn't choosing a side. It's structuring a deal that aligns with your goals, your population, and your risk tolerance.

The Real Goal of PBM Contracts: Clarity and Control

Whether a PBM calls itself transparent or not, what matters is the actual contract structure:

- Are the fees and revenue sources disclosed and auditable?
- Is performance measurable and enforced through clear guarantees?
- Does the model allow for flexibility in clinical strategy, formulary design, and program layering?
- Can you calculate true net cost?

Transparency is only useful if it comes with clarity. And clarity is only useful if it leads to control. That's why it helps to have an independent partner by your side—someone who can evaluate PBMs on how their model aligns with your goals, population, and long-term strategy.

Because at the end of the day, transparent and traditional models aren't inherently better or worse—they're simply different. The right choice depends on your specific needs, contract terms, and the outcomes you're trying to achieve. When it's time to renew, evaluating all your options through the right lens can make all the difference.

We keep our clients up to date on the pharmacy topics that impact cost and care. Contact us anytime with questions or to learn more.