



FROM THE APCI 2026 ANALYSIS OF PBM REIMBURSEMENT MODELS

► **The Problem: Manufactured Complexity in Federal Healthcare Plans**

U.S. drug pricing complexity is often manufactured rather than inherent. PBMs exploit disparate price points even when market-based benchmarks like the National Average Drug Acquisition Cost (NADAC) remain stable. These distortions are acutely prevalent in federal programs, including Medicare Part D and the Federal Employee Health Benefits Program (FEHBP).

► **Data Evidence: Extreme Price Variability**

Recent analysis of 2025 claims data reveal a staggering lack of pricing rationality for generic medications:

- **Generic Specialty Markups:** In Medicare Part D, medications like Teriflunomide have been found with markups as high as 35,790 percent over the NADAC benchmark.
- **FEHBP Pricing Chaos:** An analysis of a large FEHBP plan identified 70 different price points for 20 common medications on a single day. Meanwhile, one drug required to be filled at a PBM owned pharmacy was priced 47,000 percent above NADAC.
- **Irrational Variability:** One generic was reimbursed at 117 different average price points over a 12-month period despite no change in its underlying acquisition cost.

► **The Conflict: Vertical Integration**

The FTC found that the Big 3 PBMs reimburse their own pharmacies at higher rates than unaffiliated pharmacies for nearly every specialty generic drug examined allowing PBMs to generate more than 7.3 billion dollars in excess revenue between 2017 and 2022.

► **The Solution: The Georgia Model**

Georgia proved this pricing chaos is solvable via 2025's House Bill 196, which mandated NADAC-based reimbursements plus a professional dispensing fee. Despite PBM predictions of a \$17 million cost increase, retrospective claims analysis showed the model would have saved the state over \$10.9 million. By establishing a transparent benchmark, Georgia eliminated arbitrary overpayments and outlier claims while ensuring sustainable, market-based pharmacy pricing.

► **Policy Recommendation: The Pharmacists Fight Back Act (HR 6610)**

HR 6610 offers a ready-made solution for federal health plans by adopting the proven NADAC-plus-dispensing-fee model. This transition would:

- End massive price volatility by aligning drug prices with a market-based index.
- Ensure payments are agnostic of PBM affiliations and insulated from price manipulation and massive markups at PBM affiliated pharmacies.
- Protect the community pharmacy safety net—essential as 2,000 pharmacies closed in 2025 alone.
- Ensure fiscal responsibility by basing federal spending on market-based pricing.

Sources:

<https://bit.ly/apci-insights-008>

<https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-releases-second-interim-staff-report-prescription-drug-middlemen>

Public Interest Disclosure: Information & analysis is provided for educational and advocacy purposes regarding matters of significant public concern.