

UnitedHealth Group revamps pharmacy benefits model

Optum Rx, the company's pharmacy benefit manager, is moving its entire business toward a simpler, more transparent reimbursement model.

By: Kelly Hooper | 05/11/2026 04:13 PM EDT

UnitedHealth Group is moving to a more transparent prescription reimbursement model following heavy bipartisan scrutiny for practices regulators say have inflated the prices Americans pay at the pharmacy counter.

The health care giant's pharmacy benefits business, Optum Rx, announced Monday that it will reimburse all pharmacies based on actual costs of medications, known as a cost-plus model, as opposed to a more traditional, opaque model where pricing is calculated using discounts and rebates. The move will eliminate Optum Rx's use of spread pricing, a controversial practice where pharmacy benefit managers like Optum Rx — which manage prescription drug benefits for insurers and employers — charge health plans more for a drug than they pay the pharmacy and keep the difference, effectively boosting PBMs' profits.

Optum Rx will have no earnings tied to list prices of prescription drugs by the end of 2027, when many of its clients' current contracts with drugmakers are set to end, said Patrick Conway, CEO of Optum, the parent company of Optum Rx.

Why it matters: Optum Rx is one of the nation's three largest PBMs, which, along with CVS Caremark and Cigna's Express Scripts, control about 80 percent of the market. In February, the Federal Trade Commission settled a landmark case with Express Scripts, requiring the PBM to move to a more transparent cost-based model, which the agency said is expected to drive down patients' out-of-pocket costs for drugs like insulin by up to \$7 billion over 10 years. The FTC also sued Optum and CVS Caremark over their alleged anticompetitive rebating practices, reaching a proposed settlement with CVS Caremark in March. Optum's lawsuit is ongoing.

All three major PBMs have begun offering cost-plus models as an option for clients over the past few years, but Optum Rx has voluntarily adopted the model as its standard offering for all clients, Conway said.

The move comes as regulators and lawmakers have increasingly scrutinized PBMs for their role in driving up health costs for consumers. In February, Congress enacted sweeping PBM reforms aimed at boosting transparency of pricing structures and ensuring the companies pass along all drug rebates to health plans. The Department of Labor proposed a rule earlier this year stemming from a Trump executive order on lowering drug prices, which would impose more transparency requirements on PBMs.

Conway said OptumRx has already made many of those changes and will easily be able to comply with federal requirements. He said the company's announcement Monday was primarily driven by market demands, as Optum's employer and health plan clients have for years asked for a transparent drug pricing model based on the lowest net cost of drugs as opposed to the traditional, "complicated" structure tied to drug list prices.

"If you deliver what your client, customer actually wants and needs, that leads to growth, that leads to retention, that leads to better outcomes for everyone," Conway told POLITICO.

Key context: The pharmacy benefits shakeup will also offer greater transparency for patients and plan sponsors into OptumRx's fees and new digital tools to help consumers compare medications prices, the company said.

The moves are a "culmination" of Optum's efforts to overhaul its pharmacy benefits model, Conway said. Last year, the company committed to passing 100 percent of manufacturer drug rebate discounts onto clients, an effort that will be completed by the end of 2027.

"We do hope the market shifts," Conway said. "As we've made changes, others have followed. We hope that continues."