Drug Middlemen Will Soon Have to Share Details on How They Are Paid

New Labor Department regulation will require pharmacy-benefit managers to disclose information to employers

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- A new Labor Department regulation will require pharmacy-benefit managers to disclose to employers details about payments from drug companies.View more

The Trump administration will require the companies that manage hundreds of billions of dollars of drug spending to disclose details on how they get paid.

Under a new regulation from the Labor Department expected to be released Thursday, pharmacy-benefit managers will have to provide their employer clients with granular information about the prices they pay for pharmaceuticals, as well as payments they receive from drugmakers, according to people with knowledge of the matter.

The new rule is an effort to lower healthcare costs, said a Labor Department official, in line with an executive order from April 2025 and the Trump administration's promise to significantly reform PBMs.

It is part of an accelerating push to overhaul the industry. Regulators and lawmakers have long criticized PBMs as opaque and argued they may profit by steering people to more expensive drugs, driving up overall healthcare spending.

Drug spending is a major driver of record-setting healthcare cost increases for employers, including cancer treatments and the popular diabetes and weight-loss drugs known as GLP-1s. A survey this year by benefits consultant WTW found that only 18% of employers were satisfied enough with their PBMs to recommend them to others.

"This is a huge deal for employers," Jenny Goins, interim chief executive of the National Alliance of Healthcare Purchaser Coalitions, said about a proposed version of the rule. "The bottom line is being able to see the details of what you are paying for."

PBMs say they reduce drug costs, partly by negotiating better pricing with pharmaceutical manufacturers. The industry's biggest players, including Cigna Group's Express Scripts and CVS Health's Caremark, are already rolling out new models that they say offer greater transparency and clarity.

PBMs have made changes after coming under pressure from the Federal Trade Commission, as well as state and federal legislators.

The new regulation will take effect in July. It will apply to self-insured employers, which pay their own health claims rather than buying traditional insurance, the people said. Larger businesses are typically self-insured.

“The rule only adds new expensive reporting burdens that will harm small and mid-sized PBMs without any new meaningful transparency for employers or patients,” said David Marin, president of a trade association representing PBMs.

An earlier version of the Labor Department rule that was proposed in January drew opposition from big PBMs, which argued that it should be withdrawn because it overlapped with a separate law that Congress passed this February. That law also includes transparency provisions and a requirement for PBMs to give their clients the rebates paid by drug manufacturers, among other changes. That law’s PBM provisions are largely set to go into effect starting in 2028, so this new rule comes first.

A group representing smaller PBMs, Transparency Rising, supported the Labor Department proposal.

Under the new rule, PBMs will have to tell employers upfront about compensation they expect to receive from drug manufacturers and pharmacies and then provide updates every six months on their actual earnings, according to people familiar with the matter. Employers would also get the right to audit their PBMs.

PBMs will have to disclose rebates and other types of payment from drugmakers, the people said, including any that might lead patients to be steered to certain drugs over others. The disclosure requirements also include group purchasing organizations tied to PBMs, which can collect rebate payments on their behalf.

The PBMs also need to tell employers about “spread pricing” arrangements, under which an employer may pay more for a drug than a pharmacy is reimbursed for the same medication, leaving a margin that the PBM can keep.

As the new federal mandates seek to shed light on some sources of revenue, PBMs are pivoting to new ones. Big PBM companies are seeing growth in their affiliated specialty pharmacies, which are paid to dispense drugs that are typically high-cost, often to patients with complex needs.

Some PBM companies also have begun selling certain drugs known as biosimilars—copycat versions of biologic medicines—under their own private-label brands.