Beyond the hype

A practical look at disaggregating your pharmacy benefits

INSIGHTS REPORT

CVS caremark®

Contents

Thinking about carving out your pharmacy benefits?

We know some health plans have started exploring a “disaggregated” approach — breaking up pharmacy benefit services and handing them off to multiple vendors. Health plans are under pressure to save money while still delivering the experience members need to stay well. Expectations haven’t changed, but the landscape has. Rising drugs costs and regulatory changes are causing an increasing number of health plans to explore alternatives. That’s why disruptors are stepping in, promising dramatic savings through disaggregated models. It’s tempting to believe the hype. Smaller vendors claim that by choosing “best-in-class” partners for each function, you’ll gain more transparency, control and cost savings. But due to weaker financials, these smaller vendors rarely make it to finalist rounds.*

It’s a big decision and we’re here to help you navigate it. We help clients evaluate all angles of disaggregation — from financial impact to member experience. In this Insights Report, learn about the potential risks and disruptions that come with separating pharmacy benefit management (PBM) services as well as questions to ask to make informed choices with confidence.

What you need to know

Breaking apart PBM solutions like formulary, specialty, clinical programs and rebates often introduces:

Administrative overload*
More vendors, more paperwork, more portals and more complexity for everyone involved.

Disconnected insights*
Siloed data makes it harder to spot utilization trends, cost drivers and member behaviors.

Care coordination breaks down*
Fragmented benefits lead to disconnected care teams, communication gaps and delayed care.

Smaller scale, weaker leverage*
Fragmentation shrinks negotiating power for rebates and formulary management, limiting your ability to control costs.

Higher overall costs*
Fragmentation leads to higher medical costs per member per year, with a 12–17% increase for members with specific chronic conditions.

Missed refills, missed care*
When plans aren't integrated, refills and adherence can slip, driving up costs and impacting outcomes.

Poor member experience*
Members don't know who to call or where to go for help, leading to frustration and delays.

What happens when everything works together

Two studies published in the Journal of Managed Care & Specialty Pharmacy examined the impact of integrating specialty benefits across regional health plans and self-insured Blue plans.

The results? Lower medical costs and fewer hospitalizations.

UPMC analysis*

3.7% lower medical costs

$8.73 lower spend per member per month (PMPM)

↓ Inpatient and urgent care claims and costs

↓ Injectable medical therapy costs

↑ Health management program participation

Cambia Health Solutions*

$148 lower medical cost per member per year (PMPY)

12–17% lower costs for members with 1 of 7 chronic conditions

Industry perspective*

A Willis Towers Watson review reinforces these findings, concluding there is “no compelling financial or qualitative reason to pursue a full carve-out of specialty drugs.”

Real-world results tell the story

A national employer switched to a smaller specialty provider, lured by promises of deeper savings and a better member experience. After three years of unfulfilled promises, the employer reintegrated specialty services, gaining stronger savings and a more seamless, holistic experience for their members.

Clients have shared their frustrations around the impact of breaking PBM services into separate parts: it creates more work and responsibility for health plans. And it leads to more confusion, gaps in care and frustrated members. Without integrated data, it's hard to get a full picture of a member's health, which limits the ability to proactively manage care, costs and experiences. Integrating benefits doesn't just streamline processes — it helps clients save more and deliver more connected care with seamless member experiences.

"It's so important to have an integrated experience for employees."

— National employer client

More vendors ≠ more value

⚠ For health plan clients = More vendors, more work

⚠ For members = More confusion, gaps in care and frustration

Managing multiple vendors can cost more

Managing several vendors — even smaller ones that outsource services — can add complexity and expense. Make sure you're not paying each vendor for overlapping services:

Data analysis

Eligibility

Customer service

Rebate management

Account team support

Disaggregation can fuel compliance gaps

Splitting up services may introduce regulatory risks and oversight challenges:

More partners, more risk
Managing multiple vendors means extra contracts, added coordination and greater chance for critical processes to slip through the cracks — exposing you to potential compliance penalties.

Privacy threats multiply
Sharing sensitive data across disconnected systems increases the chance of breaches or mishandling.

Oversight gets trickier
Fragmented systems make it tougher to track activity, respond to audits and manage federal and state compliance checks.

Why integration matters

When everything works together, things just run smoother. That means:

Smarter data sharing
Connecting the dots across services helps us spot issues early and act fast.

Coordinated care strategies
Implementing strategies that match your goals and improve members' health outcomes.

Simplified operations
Streamlining to cut down on paperwork and reduce the hassle of managing multiple vendors.

Dedicated support
Giving you access to teams that know your business, understand your goals and are invested in your success.

Integration connects the dots. Instead of juggling vendors, health plans and their members benefit from a unified PBM model that's smarter and more efficient.

"During implementation, we identified members who had the most challenges with our old partner. CVS Caremark reached out to them to ensure they had a stress-free transition. I no longer receive panicked escalations from our employees."

—Large U.S.-based manufacturer

Four ways integration makes an impact

Care works better when tools, data and clinical programs are connected. That's the CVS Caremark advantage. By linking medical and pharmacy claims with care data across our organization, we deliver tailored support to help members manage their conditions, avoid complications and stay on track. Best-in-class services are stronger when they're connected, and integration makes that possible.

Here's how integration delivers measurable value across the areas that matter most — from **cost containment** to **clinical outcomes, member experience** and **operational efficiency.**

Cost containment

With full visibility across the benefit — retail drugs, specialty medications, discount programs, clinical services and more — you can manage costs more strategically.

Integration helps you:

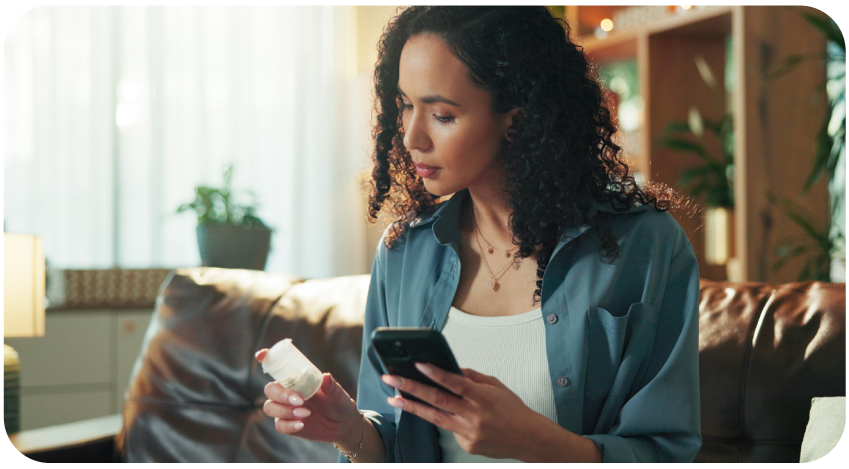
- Optimize formulary design and drug mix
- Maximize rebate value through scale and alignment
- Measure performance over time so you can make informed decisions
- Prevent avoidable medical costs with proactive clinical outreach
- Spot and address high-cost trends using real-time data

Results

Health plan clients saved

$123 PMPM or 52%

from our formulary, quantity limit and utilization management strategies through Q2 2025.*



Better clinical outcomes

When clinical programs are connected to claims, pharmacy and member data, interventions are faster, more targeted and effective. Integrated models support:

Early identification of at-risk members

Smooth coordination across retail, mail and specialty pharmacy

Personalized adherence and care management

Evidence-based utilization management

Results

Better medication adherence, fewer hospitalizations and stronger chronic condition management.

12%
reduction in unnecessary ER visits*

6.1%
increased adherence for enrolled members across targeted conditions compared to unenrolled adherence*

Up to 1.28%
annual drug spend savings*

Improved member experience

A unified pharmacy experience can mean less confusion, frustration and gaps in care.

Integration means your members experience:

One point of contact for pharmacy needs

Consistent messaging across channels

Proactive outreach based on real-time behavior

Easier access to medications, including specialty therapies

Results

Higher engagement, fewer disruptions and better health outcomes.

Case study

After more than 30 years with us, our client released an RFP to see if disaggregation lives up to the hype. They renewed with us for five years — choosing the transparency, predictability and low net cost we deliver through integrated solutions and consistently high member satisfaction.

Renewed for **5** years	**95%** overall member satisfaction	**96%** satisfaction with mail order	**95%** satisfaction with specialty

Operational efficiencies

Managing multiple vendors can slow things down and create extra work.

Our connected PBM model streamlines operations by:

- Reducing handoffs and redundancies
- Simplifying implementation and oversight
- Speeding up deployment of new programs and technologies
- Providing consolidated reporting and analytics

Results

Lower admin costs, faster decision-making and greater agility.

Key questions to ask before carving out your pharmacy benefits

Before making a move, make sure the numbers — and experiences — really add up:

- [ ] **Are the savings real?**
  Is the cost comparison based on apples-to-apples data with your current provider? Where exactly are the savings coming from?
- [ ] **Will reporting be transparent?***
  Can the vendor show exactly where savings are coming from — and what fees are tied to them?
- [ ] **Can they collaborate effectively?**
  How will this vendor work with your current PBM to avoid gaps or confusion?
- [ ] **Are clinical standards protected?**
  How does the vendor balance cost savings with clinical integrity? Are they accredited?
- [ ] **Will members get hands-on support?**
  Are nurses involved from the start to guide members through treatment?
- [ ] **Is communication two-way?**
  Do they offer tools like symptom trackers or texts so members can report issues in real time?
- [ ] **What's the full financial picture?**
  Beyond the headline savings, what's the impact on guarantees, fees and your overall budget?
- [ ] **How will claims accumulation be handled?**
  Will vendors manage it or will it fall back on your team?
- [ ] **Who's keeping track of it all?**
  How will you manage multiple vendors and monitor each piece of your pharmacy benefit?
- [ ] **Is there independent oversight?**
  Do they use an external Pharmacy & Therapeutics Committee for clinical review/approval?
- [ ] **Is there flexibility in how prescriptions are filled?**
  Can members choose how they get their meds?
- [ ] **Is help just a click away?**
  Can members reach a nurse or pharmacist on-demand via secure video or live chat?

Better together: The power of integration

Carving out pharmacy benefits may sound strategic or innovative, but integrated benefits drive better care, stronger outcomes and smarter spending.

By staying connected across our enterprise and the industry, we help payors, providers and members work together to lower costs and improve care. Partnering with one vendor that handles it all can mean fewer risks, real savings and healthier members.

We understand the pressures you're facing. Managing pharmacy spend and trend is what CVS Caremark does best — and it's our top priority.

We're committed to helping you weigh the options and choose the path that delivers real value for your organization and your members.

Interested in learning more about our integrated solutions? Contact us today.

All case studies and statistics are generated from CVS Health Enterprise Analytics unless otherwise noted.

*When we refer to “transparent” in this Insights Report, we define it as: Providing clear, accessible visibility into how drug costs are determined and how money flows through the system so plan sponsors, members and providers can make informed decisions without hidden costs or surprises.

*FOR DUE TO WEAKER FINANCIALS, SMALLER VENDORS RARELY MAKE IT TO FINALIST ROUNDS CLAIM. Lucid Health PBM B2B Buyers’ Journey, April 2025.

*FOR ADMINISTRATIVE OVERLOAD, DISCONNECTED INSIGHTS, CARE COORDINATION BREAKS DOWN, MISSED REFILLS, MISSED CARE AND POOR MEMBER EXPERIENCE CLAIMS AND UPMC ANALYSIS SOURCES. https://www.jmcp.org/doi/pdf/10.18553/jmcp.2020.26.10.1317

*FOR SMALLER SCALE, WEAKER LEVERAGE CLAIM AND CAMBIA HEALTH SOLUTIONS SOURCES. https://www.amcp.org/legislative-regulatory-position/pharmacy-benefit-managers

*FOR HIGHER OVERALL COSTS CLAIM. https://www.jmcp.org/doi/10.18553/jmcp.2020.19411

*FOR WILLIS TOWERS WATSON INDUSTRY PERSPECTIVE CLAIM. https://www.wtwco.com/en-US/Insights/2022/02/is-the-industry-ready-for-a-specialty-pharmacy-carve-out

*FOR HEALTH PLAN CLIENTS SAVED $123 PMPM OR 52% FROM OUR FORMULARY, QL AND UM STRATEGIES THROUGH Q2 2025 SOURCE. CVS Health Analytics, 2025. CVS commercial health plan clients Jan 2025 – Jun 2025. Total $ savings by program is for all commercial clients with adoption. Savings taken from non-specialty PA, SGM, QL and rebates. Standard and custom criteria both included for PA/SGM savings. All data sharing complies with applicable law, our information firewall and any applicable contractual limitations. Savings projections are based on CVS Caremark data. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request. P1018271025

*FOR 12% REDUCTION IN UNNECESSARY ER VISITS SOURCE. CVS Health Analytics, 2019 based on a comparison group. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request. P1014690723

*FOR 6.1% INCREASED ADHERENCE FOR ENROLLED MEMBERS ACROSS TARGETED CONDITIONS COMPARED TO UNENROLLED ADHERENCE SOURCE. CVS Health Analytics, 2024. Adherence results are based on CVS Caremark data, measuring optimal adherence to oral antidiabetic, RAS antagonists and statin medications. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request. S1016020324

*FOR UP TO 1.28% ANNUAL DRUG SPEND SAVINGS SOURCE. CVS Health Analytics, 2023. Data that was used was sourced from our 2023 iTools reporting and overall spend by the carrier for 2023. Represents employer clients with Drug Savings Review in 2022 and 2023, exclusive of outliers. (Outliers are defined as clients whose member totals were less than 5,000 and interventions count was less than 100 or client spend was less than $1,000,000.) Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. P1015950324

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