

Industrial Evolution

Are Rebate Aggregators Changing How
Pharmacy Benefit Managers Do Business?



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Over the last six years, rebate aggregators have emerged as one of the most significant changes in the pharmacy benefit manager (PBM) industry. In this brief, we examine how these new entities have taken on the responsibility of negotiating billions of dollars of rebates with pharmaceutical manufacturers in lieu of PBMs.

The Evolution of Pharmacy Benefit Managers

PBMs have long served as intermediaries that negotiate rebates with drug manufacturers in exchange for placement on prescription drug formularies. PBMs typically pass on rebates to their health plan clients, which use them to lower the cost of drugs for patients. PBMs allow health plans to pool their collective bargaining power, achieving savings that they could not obtain on their own.¹ In return for this service, health plans have typically paid PBMs administrative fees or allowed them to keep a share of the rebates they have negotiated, or some combination of both.²

A central question for policymakers has been whether PBMs' extensive consolidation and vertical integration has helped or hurt the PBM-health plan relationship and its ability to improve drug affordability for patients.

The PBM industry rapidly consolidated between 2009 and 2015, and has remained highly concentrated since then.³ The three largest PBMs today, Caremark, Express Scripts and Optum Rx, now process about 80 percent of prescription drug claims.⁴ Each of these companies is also vertically integrated into major health care conglomerates that own health plans, pharmacies and other health-related operations.⁵

A central question for policymakers has been whether PBMs' extensive consolidation and

vertical integration has helped or hurt the PBM-health plan relationship and its ability to improve drug affordability for patients. Larger PBMs can negotiate better rebates, but also have more market power with health plan clients who have limited ability to negotiate better terms with PBMs when there are few competing alternatives. Some plans have voiced concerns that PBMs are keeping more than their contractually agreed share of rebates. Their frustration has prompted calls for transparency and access to PBMs' data in order to verify that they are compliant with their contracts.

The Rise of Rebate Aggregators

In recent years, concerns about PBM business practices have shifted to rebate aggregators created by PBMs. Between 2019-2021, Express Scripts, Caremark and Optum each launched rebate aggregators (Ascent Health Services, Zinc Health and Emisar Pharma Services, respectively).⁶ Their introduction created another layer of complexity in the already opaque system of drug price negotiations.

As rebate aggregators have supplanted the role of PBMs in negotiating with pharmaceutical manufacturers, they have increasingly become the focus of health plans' frustrations and legal scrutiny.

Whereas PBMs previously contracted with health plans and pharmaceutical companies, most PBMs today contract with health plans and a rebate aggregator. The rebate aggregator, in turn, negotiates with the pharmaceutical company on the PBM's behalf (Figure 1, next page). Rebate aggregators bundle formulary negotiations and claims processing

across health plans represented by different PBMs, furthering the negotiating leverage of individual PBMs and health plans.⁷ However, some critics, regulators and lawmakers contend that rebate aggregators could be a vehicle for tax avoidance, and are a means of evading scrutiny and regulatory pressure on rebates, which had historically been PBMs' main source of revenue.⁸

As rebate aggregators have supplanted the role of PBMs in negotiating with pharmaceutical manufacturers, they have increasingly become the focus of health plans' frustrations and legal scrutiny. Publicly available information from audits, reports and litigation involving rebate aggregators show that concerns appear to coalesce around three themes:

- 1** Reducing transparency of the pharmaceutical supply chain;
- 2** Improperly withholding monies from health plans; and
- 3** Sidestepping oversight by health plans and governments.

Reducing Transparency

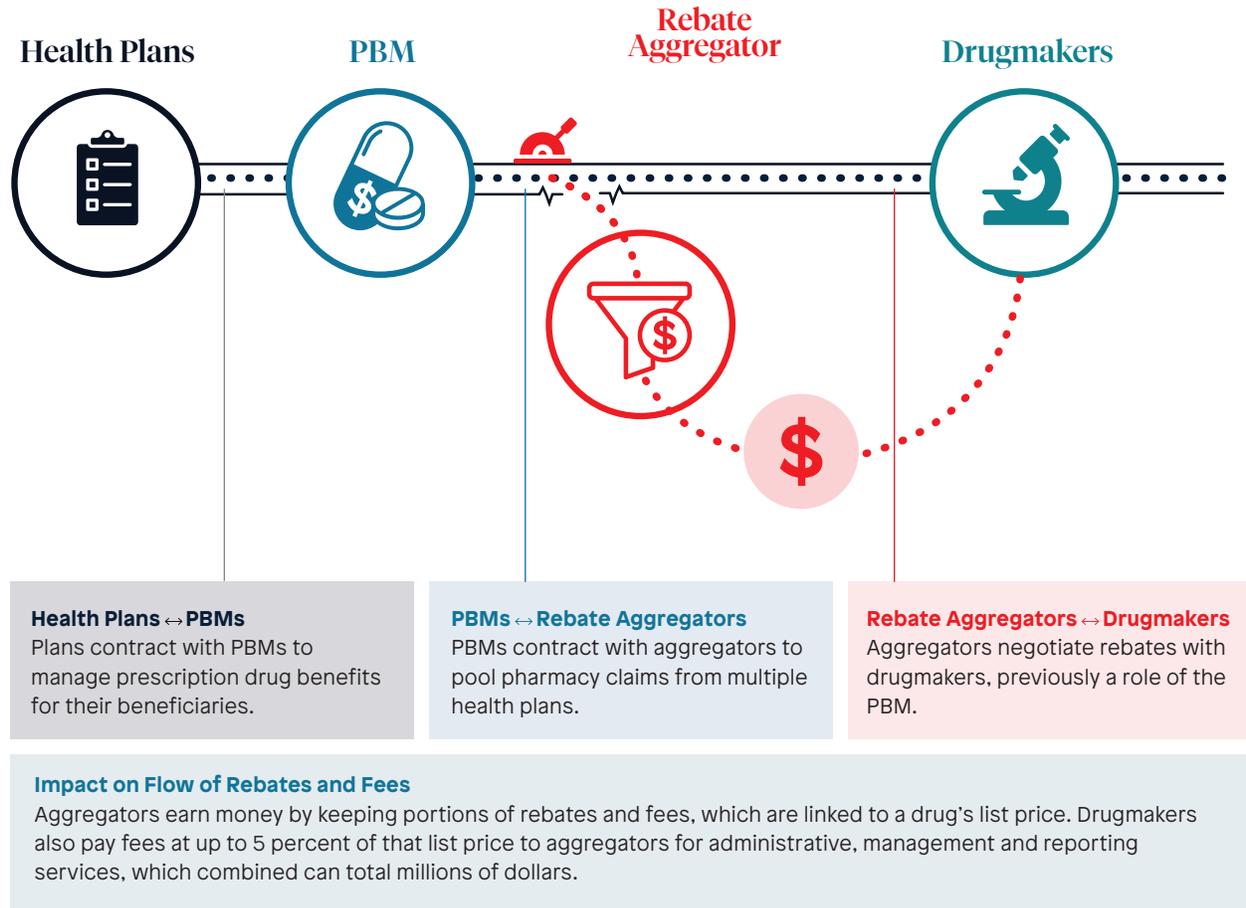
By adding a step between plans and pharmaceutical manufacturers, rebate aggregators have increased complexity and reduced transparency in pharmaceutical pricing.

Multi-layer contractual relationships created by rebate aggregators can make questions about money owed to health plans difficult to resolve. For example, Caremark refused to provide the Illinois Department of Insurance access to unredacted contracts between the company's rebate aggregator, Zinc Health, and drug manufacturers, according to a state examination report issued in 2025.⁹ (One year prior to the insurance department's report,

QUICK REFERENCE

How Rebate Aggregators Work

This graphic shows how aggregators add a step between health plans and drugmakers in the pharmaceutical pricing chain.



Sources

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Caremark agreed to pay Illinois \$45 million to settle allegations brought by the Illinois Attorney General that Zinc had improperly withheld rebates from the state employees' health plan.)¹⁰ Earlier—and smaller—iterations of rebate aggregators presented similar transparency issues for plan sponsors and auditors, which reported in the 2010s being unable to access relevant contracts between aggregators and drugmakers.¹¹

Improperly Withholding Monies From Health Plans

PBMs argue that rebate aggregators give them greater leverage to lower drug costs by allowing for claims from multiple health plans to be pooled.¹² Critics counter that rebate aggregators add another layer to the pricing chain that helps PBMs shield their operations—and the money they generate—from health plan clients, regulators and tax liability.

Public records show that across the federal audits, the 2024 Illinois settlement and a third settlement with an undisclosed Part D plan, PBMs to date have paid more than \$70 million to settle claims of underpayment involving rebate aggregators.

Results from recent federal audits provide some reason for concern. In two separate audits by the Office of Personnel Management's Office of Inspector General (OPM-OIG), found that Ascent Health underpaid Federal Employees Health Benefits (FEHB) plans a combined \$25 million during a 30-month period, shortly after Express Scripts established the rebate aggregator in 2019.¹³ OPM-OIG found that Ascent had improperly withheld 14 percent of the rebates it owed one of the FEHB plans during the audit period.¹⁴

Public records show that between the federal audits, the 2024 Illinois settlement¹⁵ and a third settlement with an undisclosed Part D plan,¹⁶ PBMs to date have paid at least \$70 million to settle claims of underpayment involving rebate aggregators. While that total is small relative to the total amount of rebates PBMs and rebate aggregators handle, the individual settlements can represent significant portions of health plans' annual spending on prescription drugs.

Additional information about rebate-sharing practices may become available as litigation and oversight involving rebate aggregators proceeds. The Federal Trade Commission's (FTC) ongoing lawsuit against PBMs added rebate aggregators as defendants in 2024,¹⁷ following a staff report that examined concerns related to rebate aggregator operations.¹⁸ Rebate aggregators also face lawsuits filed by the attorneys general in Ohio,¹⁹ Vermont,²⁰ Michigan²¹ and Rhode Island,²² and were added as named defendants in the multi-district insulin litigation before a federal court in New Jersey, which involves hundreds of plaintiffs.²³ Congressional oversight of rebate aggregators may also produce more insight into the

operations of these entities. In August 2025, the U.S. House Committee on Oversight sent letters to Cigna (the parent of Ascent) and Optum Rx (the parent of Emisar) seeking information about their decisions to headquarter rebate aggregators overseas, as part of the committee's broader oversight of PBMs.²⁴

Sidestepping Oversight

Lawmakers and plaintiffs have also accused PBMs of establishing rebate aggregators with the intent of avoiding oversight, especially because two of the three major aggregators have headquarters overseas—Ascent in Switzerland, and Emisar in Ireland. The State of Ohio alleged in a 2023 lawsuit that Express Scripts established Ascent in Switzerland to “shield its activities” including “fallout from possible PBM reform in Congress,” while “making the negotiation and pass-through of rebates even less transparent and harder for Plan Sponsors to audit.” Bipartisan members of the U.S. House Committee on Oversight similarly alleged that PBMs located rebate aggregators in foreign countries to evade taxes and avoid oversight, while questioning whether they are following U.S. laws.²⁵

Ownership structures add to this concern: two of the three big rebate aggregators are joint ventures among entities that otherwise could be seen as competitors. Kroger and Prime Therapeutics have ownership interest in Express Script's Ascent, while Elevance and Cardinal Health have interest in Caremark's Zinc, based on published reports, legislative testimony and court filings.²⁶ This development raises a common antitrust concern for buying coalitions, which is that they could be used to share sensitive information, such as prices, to reduce competition among participating rivals.²⁷ Moreover, a number of smaller PBMs depend on rebate aggregators for their rebates.²⁸ Their controlling interest could create opportunities for rival owners to reduce the competitiveness of these smaller participants by raising their costs or limiting their ability to participate.²⁹

Implications for Congress

Over the last six years, rebate aggregators have effectively supplanted the historical role that PBMs played in directly negotiating rebates with pharmaceutical manufacturers. Rebate aggregators now serve as the primary conduit for billions of dollars in rebates that are intended to lower drug costs for patients. They are also becoming the focus of concerns about the flow of money between PBMs and health plans. Despite these changes in the market, federal proposals to reform PBMs are based largely on the historic model of PBM business practices. Emerging evidence on rebate aggregators underscores the importance of ensuring that these proposals are adapted to ongoing changes if policymakers hope to regulate across the PBM industry.

Endnotes

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