

Watch Out for Major PBM Contract Changes

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PRACTICES Employee Benefits and Executive Compensation

The recent budget legislation passed by Congress (“**CAA 2026**”) includes several important changes impacting the pharmacy benefit manager (“**PBM**”) services used by employer-sponsored group health plans. Although these changes are not effective until January 1, 2029 (for calendar year plans), employers may want to consider these changes when determining the timing of upcoming RFPs for PBM services. The legislation contains transparency provisions that require the PBM to regularly disclose to plan sponsors detailed information such as the cost of drugs paid by the plan, amounts paid to pharmacies by the PBM, net prices, and compensation earned by the PBM. The legislation also requires PBMs to remit 100% of all rebates, alternative discounts, fees, and other remuneration received by the PBM that are related to the utilization of drugs or drug spending to the plan on a quarterly basis. Records of such rebates and other remuneration, as well as rebate contracts, are required to be available for audit by the plan or plan sponsor, and the PBM cannot directly or indirectly pay for such audits. Employers have long been frustrated by the lack of transparency concerning prescription drug costs and services. This legislation is a significant step towards hopefully alleviating that frustration.

CAA 2026 is available [here](#).