

# Sample Company | Sample

8

OF 10

## Provisions require attention.

So does the typical PBM contract. **Less than 15% of contracts reviewed in our reference dataset would meet a fiduciary-aligned standard.**

4 Flag

4 Concern

2 Good

### ANALYST FINDING

Contract presents four red flags, most critically an explicit fiduciary disclaimer, PBM-controlled auditor selection with extrapolation prohibition, broad carve-out restrictions with repricing rights, and narrow rebate definition permitting substantial manufacturer revenue retention.

#### Fiduciary Conduct

RED FLAG

P1 · P6 · P8

#### Financial Integrity

RED FLAG

P2 · P3 · P10

#### Oversight & Control

RED FLAG

P4 · P5 · P7 · P9

### PROVISIONS REVIEWED

10 OF 10 · TIER CLASSIFICATIONS

#	PROVISION	FINDING	STATUS
P1	<b>Fiduciary Loyalty Commitment</b> <i>Does the PBM stand behind your fiduciary duty?</i>	Contract explicitly disclaims fiduciary status with no commitment to support Plan Sponsor's fiduciary obligations, placing sole responsibility on Client.	RED FLAG
P2	<b>Pass-Through Pricing Integrity</b> <i>Are pharmacy claims billed at the price actually paid?</i>	Contract uses an AWP discount schedule with no pass-through commitment, no exact-amount equivalence language, and no prohibition on DIR fees or retroactive adjustments.	CONCERN CAA 2026
P3	<b>Rebate &amp; Manufacturer Revenue</b> <i>Is every dollar from manufacturers passed through?</i>	Contract commits to 100% pass-through of Rebates but explicitly excludes administrative service fees, market development funds, performance payments, and other manufacturer revenues from the definition, which are retained by the PBM.	RED FLAG CAA 2026
P4	<b>Data Ownership &amp; Rights</b> <i>Who owns the claims data, you or the PBM?</i>	Contract states Claims Data is Client's property but grants PBM broad rights to use de-identified data for product development and other PBM business purposes without Client consent or compensation.	CONCERN
P5	<b>Audit Rights &amp; Verification</b> <i>Can you audit financial arrangements independently?</i>	Contract requires Client to select auditors from a PBM-approved list, prohibits extrapolation of findings, and explicitly denies access to aggregator and manufacturer contract terms.	RED FLAG CAA 2026
P6	<b>Conflict of Interest &amp; Network</b> <i>Are PBM-affiliated pharmacies and steering disclosed?</i>	Contract warrants no pharmacy ownership by PBM, affiliates, officers, or family members, includes a forward-looking acquisition prohibition with termination right, anti-steering commitment, and 90-day network change notice.	GOOD CAA 2026
P7	<b>Carve-Out &amp; Vendor Rights</b> <i>Can you carve out specialty drugs to a competing vendor?</i>	Contract prohibits Client from engaging vendors performing claims adjudication, formulary management, or specialty drug distribution, and reserves PBM right to reprice upon 30 days notice if Client does so.	RED FLAG
P8	<b>Lowest Net Cost &amp; Clinical</b> <i>Does the formulary optimize for cost rather than rebates?</i>	Contract describes formulary management based on clinical efficacy and cost-effectiveness but contains no explicit lowest-net-cost commitment and no anti-rebate-chasing language.	CONCERN CAA 2026
P9	<b>Termination &amp; Clean Exit</b> <i>Can you exit cleanly, without penalty?</i>	Contract permits without-cause termination on 90 days notice with no early termination fee, earned rebates paid through termination date, and transition assistance committed for up to 90 days.	GOOD
P10	<b>Administrative Fee Transparency</b> <i>Are administrative fees fully disclosed and verifiable?</i>	Contract itemizes fees by PEPM and per-claim rates and provides annual sole-compensation verification, but no benchmarking right is present, and the sole-revenue attestation is explicitly carved out for retained manufacturer revenues under Section 4.2.	CONCERN CAA 2026

## The three most significant red flags.

These warrant the analyst finding. Each is fixable in negotiation, none is fixable after signature. **The Full Assessment shows you all 8 Red Flag and Concern provisions with redline language for each.**

<b>P1</b>	<b>Fiduciary Loyalty Commitment</b>	<b>RED FLAG</b>
Contract explicitly disclaims fiduciary status with no commitment to support Plan Sponsor's fiduciary obligations, placing sole responsibility on Client.		
MARKET PATTERN 84% of contracts in our reference dataset score Red Flag or Concern on this provision.		
<b>P3</b>	<b>Rebate &amp; Manufacturer Revenue</b>	<b>RED FLAG</b>
Contract commits to 100% pass-through of Rebates but explicitly excludes administrative service fees, market development funds, performance payments, and other manufacturer revenues from the definition, which are retained by the PBM.		
MARKET PATTERN Only 26% of contracts score Red Flag or Concern on rebate language. This contract is in the lower-scoring quarter of the market.		
<b>P5</b>	<b>Audit Rights &amp; Verification</b>	<b>RED FLAG</b>
Contract requires Client to select auditors from a PBM-approved list, prohibits extrapolation of findings, and explicitly denies access to aggregator and manufacturer contract terms.		
MARKET PATTERN 71% of contracts score Red Flag or Concern on audit rights.		

CAA 2026 READINESS **5 of 6**  
FLAGGED

### 5 of 6 CAA 2026 provisions fall short of fiduciary standards.

Each Red Flag and Concern provision corresponds to a specific section of the Consolidated Appropriations Act 2026. The Full Assessment maps every finding to its statutory section and provides contract language to satisfy each requirement.

- P2 → § 9701 Compensation transparency
- P3 → § 9701 Manufacturer revenue disclosure
- P5 → § 9704 Plan-sponsor audit rights
- P6 → § 9706 Conflict-of-interest disclosure
- P8 → § 9712 Pricing-integrity standards
- P10 → § 9701 Administrative fee disclosure

NEXT STEP · FULL ASSESSMENT

## Everything you need to fix all 8 Red Flag and Concern provisions.

**CONTRACT SCORECARD**

The full 10-provision breakdown with your Fiduciary Alignment Score and methodology citations.

**NEGOTIATION REPORT**

Specific contract language to redline for every flagged provision, prioritized for your next renewal or procurement.

**DATA SOVEREIGNTY SCORE**

A focused score on the five provisions that determine who controls your data, your audits, and your rebate flow.

**EXECUTIVE BRIEF**

A board-ready briefing document for the fiduciary conversation with leadership.

Statutory mappings, redline language, and a board-ready briefing. **Delivered in 72 hours.** **UPGRADE →**

**Disclaimer.** This assessment is for informational and educational purposes only and does not constitute legal, financial, or professional advice. Findings reflect contractual language only and may differ from operational practice. Plan sponsors should consult qualified counsel before acting on these findings.