

Evaluating the Global PBM Market Landscape (2025–2034): Integrating Industry Trends with Stakeholder Insights

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ABSTRACT:

This paper presents a thorough analysis of the pharmacy benefit management (PBM) market, integrating industry data with a primary survey of 50 stakeholders. The global PBM market exceeded \$600 billion in 2024 and is projected to surpass \$1.4 trillion by 2034, fuelled by rising prescription drug use, healthcare cost containment, digital innovation, and market consolidation. Key findings from a multi-stakeholder survey provide insight into perceptions of value, challenges, transparency, and the future of PBMs in health care.

KEYWORDS:

Pharmacy Benefit Management, Drug Pricing, Specialty Pharmacy, Market Transparency, Health Care Cost Containment

INTRODUCTION :

Pharmacy benefit managers (PBMs) have become central architects of how prescription medicines are financed, accessed, and managed in modern health systems. Positioned between health plans, employers, pharmacies, and pharmaceutical manufacturers, PBMs design and administer prescription benefit programs, negotiate rebates, build and manage formularies, and implement utilization management tools intended to align drug use with evidence and budgetary constraints. Their market footprint has expanded rapidly: recent estimates place the global PBM market at around USD 613–747 billion in 2024, with forecasts ranging from nearly USD 950 billion to more than USD 1.7 trillion by the early-to-mid 2030s, depending on methodology and scenario.

This growth reflects intensifying pressure to contain drug spending in the face of rising chronic disease burdens, expanding insurance coverage, and the rapid adoption of high-cost specialty therapies. In the United States, three PBMs—CVS Caremark, Express Scripts, and OptumRx—now process roughly three-quarters of retail prescription claims, underscoring an unprecedented concentration of market power. While PBMs are widely credited with securing discounts and moderating spending, they also face sustained criticism over opaque pricing practices, potential conflicts of interest, and their impact on patient access and independent pharmacies. Against this backdrop, this study combines secondary market analysis with a primary survey of 50 stakeholders to examine how PBMs create value, where stakeholders see gaps, and how the sector may evolve under regulatory and technological pressures.

LITERATURE REVIEW:

Market growth, structure, and drivers

Market research consistently portrays PBMs as a growth sector anchored in drug expenditure management. Precedence Research projects the global PBM market to grow from approximately USD 613.17 billion in 2024 to about USD 1,474.64 billion by 2034, at a compound annual growth rate (CAGR) of 9.17%. Other analysts estimate more conservative trajectories (for example, Market.us projects growth from roughly USD 571 billion in 2024 to just under USD 1 trillion by 2034 at a CAGR of 5.7%), yet all agree on continued expansion driven by cost pressures and utilization trends. In regional terms, North America—especially the United States—accounts for the largest share, with IMARC Group estimating about 37–41% of global PBM revenues in 2024.

Market structure in the U.S. is notably concentrated. Analyses published in JAMA Health Forum and independent market assessments show that three vertically integrated PBMs—CVS Caremark (CVS Health), Express Scripts (Cigna/Evernorth), and OptumRx (UnitedHealth Group)—handle approximately 74–79% of retail prescription claims. This concentration is reflected in a high Herfindahl–Hirschman Index (HHI), raising antitrust concerns and prompting regulatory reviews by the Federal Trade Commission (FTC) and policymakers. Vertical integration with insurers and specialty pharmacies has strengthened PBMs’ negotiating leverage but intensified debates over conflicts of interest and market fairness.

Key growth drivers include rising drug prices, increased prevalence of chronic conditions, and broader insurance coverage, all of which heighten demand for prescription therapies and cost-management tools. The shift toward value-based care and performance-based contracting has further elevated PBMs' role in aligning drug use with measurable clinical outcomes. Technological advances—particularly in data analytics, artificial intelligence (AI), and digital health—enable PBMs to refine formulary design, identify non-adherence, and tailor interventions at scale.

Industry trends: specialty drugs, transparency, and innovation
One of the most striking trends is the ascendance of specialty medicines, including biologics, gene therapies, and complex chronic disease treatments. Market reports and Drug Channels Institute analyses indicate that specialty dispensing, often controlled by PBM-affiliated pharmacies, generates a disproportionate share of PBM revenue and profit, with specialty drug channels accounting for roughly one-third of PBM gross profits in 2024. Specialty drugs now represent more than 40% of prescription drug spend, despite a much smaller share of total prescription volume, making their management a core PBM function.

Transparency and value-based arrangements have moved to the forefront of both policy and purchaser agendas. PBMs have historically been criticized for “spread pricing,” retaining margins between what payers are charged and what pharmacies are reimbursed, as well as for keeping manufacturer rebates confidential. Employers and health plans increasingly demand pass-through pricing and clearer reporting of rebate flows, while new entrants such as Capital Rx and “transparent PBMs” emphasize fixed-fee models and open pricing algorithms. Concurrently, PBMs are experimenting with outcome-based contracts tying payment for high-cost drugs to real-world performance metrics. Digital innovation—including e-prior authorization, telepharmacy, home delivery, adherence apps, and integration with electronic health records (EHRs)—is reshaping how PBMs interact with prescribers and patients.

Challenges and criticisms
Academic and policy literature groups criticisms of PBMs into four interrelated domains: market concentration, pricing practices, agency problems (whose interests PBMs truly serve), and lack of transparency. Stakeholders such as independent pharmacies argue that PBMs' reimbursement policies and retroactive fees (e.g., direct and indirect remuneration, or DIR, fees) threaten their viability, particularly in rural and underserved areas. Clinicians and patient advocates express concern that formulary exclusions, step therapy, and prior authorization protocols may create barriers to timely access, especially for complex or rare conditions.

At the same time, data-driven adherence programs and population health initiatives coordinated by PBMs have demonstrated potential to improve chronic disease outcomes and reduce avoidable hospitalizations, blurring the line between cost containment and care management. Privacy advocates warn that increasingly granular data collection and predictive analytics raise questions about consent, data use, and algorithmic fairness, particularly for vulnerable populations. The net effect is a

polarized discourse: PBMs are seen simultaneously as essential cost managers and as opaque entities whose incentives may not always align with patients or providers.

OBJECTIVES OF THE STUDY:

The research seeks to fulfil these specific objectives:

- Evaluate growth trajectories and strategic priorities in the global and U.S. PBM market.
- Analyze stakeholder attitudes regarding PBM value, transparency, and challenges (n=50 survey).
- Identify opportunities and barriers in specialty pharmacy, technology, and regulatory frameworks.
- Offer actionable, evidence-based recommendations for stakeholders.

RESEARCH METHODOLOGY:

Study design and approach:

This study adopts a mixed-methods design combining secondary market analysis with a cross-sectional survey of stakeholders engaged with PBM services. Secondary analysis synthesizes data from market research firms (Precedence Research, Grand View Research, IMARC, Market.us), academic reviews (JAMA Health Forum), and policy reports to characterize market size, structure, and trends. The primary survey was designed to capture perceptions of PBM value, transparency, challenges, and future directions from those directly involved in or impacted by PBM operations.

Participants and sampling:

Fifty respondents were recruited using purposive and snowball sampling via professional networks, email lists, and LinkedIn outreach. The final sample comprised: 20 payer representatives (health plan and employer benefit leaders), 15 community or specialty pharmacists, 10 physicians or other prescribers, and 5 PBM or industry executives. This composition was chosen to reflect a multi-stakeholder perspective across financing, dispensing, prescribing, and strategic management roles. Participation was voluntary and anonymous, with no financial incentives provided.

Data collection instrument:

A 16-item structured questionnaire was developed, including Likert-scale items (1–5 agreement ratings), multiple-choice questions, and open-ended prompts. Core domains were: perceived PBM value (cost control, clinical support), satisfaction with transparency, experience with access and administrative burden, expectations regarding regulation, and views on digital innovation. The questionnaire was pre-tested with three experts to refine wording and ensure face validity before dissemination. Surveys were administered electronically over a four-week period.

Data analysis:

Quantitative responses were analyzed using descriptive statistics (frequency distributions, percentages, mean scores) to summarize stakeholder views within and across groups. No inferential statistical tests were conducted given the modest sample size and non-probability sampling design.

Qualitative responses to open-ended questions were coded inductively, with themes identified around

value propositions, pain points, and perceived future scenarios. Coding consistency was ensured through iterative review and consolidation of overlapping categories.

FINDINGS:

Market size, structure, and segmentation: Secondary data confirm that the PBM market is large and expanding. Precedence Research estimates that the global PBM market will grow from USD 613.17 billion in 2024 to approximately USD 1,474.64 billion by 2034, implying a CAGR of 9.17%. Grand View Research projects a similar directional pattern, citing a 2024 market size in the mid-USD 700 billion range and a projected value exceeding USD 1.7 trillion by 2033. Alternative forecasts (IMARC, Market.us) suggest more moderate but still robust growth, with 2033–2034 valuations in the USD 950 billion to 1 trillion range.

Specialty pharmacy emerged as the fastest-growing segment, accounting for an estimated 40% or more of PBM-related revenues in 2024. Services such as formulary management, benefit plan design, and claims processing remain core revenue streams, but value-added clinical programs and digital adherence services are increasingly prominent. End-user segmentation indicates that PBM organizations, health insurers, and large employer plans constitute the primary clients, with government programs and integrated delivery systems also significant in the U.S. context.

Survey results: stakeholder perspectives

Payers (n=20):

Ninety-five percent of payer respondents rated PBMs' role in drug price management and discount negotiation as "important" or "very important" to their organizations.

Eighty percent reported that greater transparency regarding rebate flows and pricing methodologies was a "high priority," citing difficulties in independently verifying net drug costs.

Seventy percent agreed that specialty pharmacy programs delivered measurable value but expressed concern about dependence on a small number of PBM-owned specialty pharmacies.

Pharmacists (n=15):

Eighty-seven percent reported that formulary restrictions (e.g., limited networks, preferred products) significantly affected daily dispensing decisions.

Seventy-three percent described the administrative burden associated with prior authorizations and claims adjudication as "high" or "very high," especially for specialty and high-cost drugs.

Sixty percent indicated that communication with PBMs around coverage decisions was often delayed or insufficient.

Clinicians (n=10):

All prescribers (100%) identified patient access barriers related to prior authorization and step therapy as a concern in their practice.

Sixty percent supported expanded use of digital prior authorization tools integrated into EHR systems to reduce administrative delays.

Half expressed uncertainty about how PBM rebate structures influenced their prescribing options.

Industry/PBM executives (n=5):

All respondents acknowledged a shift toward outcomes-based and transparent pricing models, driven by employer and regulator expectations.

Eighty percent predicted that regulatory changes would significantly alter traditional PBM revenue models (e.g., spread pricing, retrospective fees) within five years.

Across all respondents, 78% agreed that anticipated regulatory reforms would disrupt current PBM business practices, while 90% of employers and payers emphasized that future PBM partnerships would depend on demonstrable, data-driven evidence of both cost savings and improved patient outcomes

DISCUSSION/SUGGESTIONS:

Interpretation of findings

The convergence of market data and survey responses suggests that PBMs occupy a paradoxical position: they are viewed as indispensable for managing drug costs but also as needing substantial reform to align incentives more closely with patients and plan sponsors. The magnitude of projected market growth underscores the durability of demand for PBM services, particularly in specialty drug management and digitalized plan administration. At the same time, significant stakeholder dissatisfaction with transparency and administrative complexity indicates that current models may not be sustainable without adaptation.

Survey findings resonate with scholarly critiques that emphasize market concentration and opaque financial arrangements as central sources of controversy. Payers' calls for clearer rebate pass-through and pharmacists' reports of burdensome processes reveal an operational disconnect between high-level cost negotiations and frontline care delivery. Clinician concerns about access and administrative delays highlight the risk that aggressive utilization management can, if poorly designed, impede appropriate care.

Suggestions for stakeholders

For PBMs and industry:

- Transition toward transparent, pass-through pricing and simplified fee structures that clearly delineate administrative fees from drug acquisition costs.

- Invest in integrated digital tools (e-prior authorization, real-time benefit checks) to reduce administrative friction for prescribers and pharmacies while preserving clinically appropriate utilization management.
- Expand outcomes-based contracts where feasible, with clear metrics co-developed with payers and providers to ensure alignment on value definitions for high-cost therapies.

For payers and employers:

- Demand detailed reporting on rebate flows, net drug costs, and the impact of PBM programs on adherence and clinical outcomes, using these data to inform vendor selection and contract renewal.
- Explore multi-PBM or carve-out models (e.g., separate specialty, pharmacy, and medical benefit management) to reduce dependence on a single intermediary and encourage competitive performance.

For policymakers and regulators:

- Focus regulatory reforms on improving transparency, preventing anti-competitive practices, and safeguarding the viability of community pharmacies in underserved areas, while preserving PBMs' capacity to negotiate discounts and manage utilization.
- Encourage pilot projects that test alternative PBM models, such as state-run PBMs or nonprofit entities, and rigorously evaluate their performance against conventional approaches.

For clinicians and pharmacists:

- Engage proactively in formulary and policy discussions through professional associations and advisory committees, ensuring that clinical perspectives inform PBM decisions on coverage and utilization tools.
- Partner in the design and implementation of adherence and patient support programs, leveraging PBM data and infrastructure while advocating for patient-centered workflows.

CONCLUSION:

This study reinforces the view that PBMs are both a critical component of contemporary pharmaceutical benefit design and a focal point of contention over drug pricing and access. The evidence from secondary market analyses confirms strong projected growth in PBM markets, driven by specialty drug spending, chronic disease burdens, and the ongoing need for cost-containment mechanisms. Survey results indicate that stakeholders recognize PBMs' strategic value but seek meaningful reforms around transparency, administrative efficiency, and alignment of incentives with patient outcomes.

Going forward, the PBM sector's legitimacy and long-term success will hinge on its ability to adapt to regulatory interventions, incorporate digital innovation responsibly, and demonstrate measurable value not only in dollars saved but also in health outcomes achieved. A more transparent, data-driven, and collaborative PBM model—one that balances cost management with equitable access and clinical appropriateness—offers the most promising path for ensuring that PBMs contribute positively to the sustainability and fairness of healthcare systems.

CONFLICT OF INTEREST:

This paper is conceptual and survey-based; there are no financial, professional, or personal conflicts of interest related to PBM organizations, manufacturers, or payer entities to declare.

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