

Update on Small PBMs

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The PBM landscape has evolved to include a growing set of smaller players that market themselves as alternatives to large, integrated PBMs tied to major health plans. Companies like **Navitus**, **SmithRx**, **Rightway**, and **Capital Rx** (recently rebranded as **Judi Health**) have gained traction by appealing to employers and mid-sized health plans seeking simplicity and independence. These PBMs often promise a more personalized experience and less complexity compared to traditional models. For example, **SmithRx** emphasizes a “pass-through” pricing approach with no spread, while **Rightway** combines PBM services with a navigation platform to create a concierge-like experience. While their overall market share remains modest, their messaging resonates strongly with buyers frustrated by historically opaque pricing and seemingly rigid structures.

How Smaller PBMs Are Positioning

To combat the positioning of larger PBMs, smaller PBMs consistently lead with three core messaging pillars: **transparency**, **fiduciary alignment**, and **flexibility**. For **transparency**, **SmithRx** markets a **pass-through pricing model**, where all rebates and discounts flow directly to the client, with no spread or hidden fees. Under **anti-big/fiduciary alignment**, **Navitus** emphasizes its non-profit ownership and fiduciary model, claiming to act solely in the best interest of clients without profit-driven conflicts. For **flexibility**, **LucyRx** highlights its willingness to customize solutions and agree to unique client requests, positioning itself as agile and client-first.

Beyond these pillars, smaller PBMs differentiate themselves through dedicated focus areas. **Capital Rx/Judi Health** leverages its advanced technology stack via its cloud-based adjudication platform, **JUDI**, to deliver better analytics and operational efficiency. **Rightway** stands out with a high-touch service model, offering personalized member navigation and dedicated account managers for concierge-level support. Meanwhile, **Navitus** reinforces its clinical expertise through evidence-based programs designed to manage drug utilization and improve outcomes. Collectively, these strategies frame smaller PBMs as nimble, specialized partners appealing to buyers seeking simplicity and control.

Smaller PBMs have focused their messaging, in their own words, on transparency and additional capabilities beyond pricing

Smaller PBMs will all lead with the same messaging pillars to combat larger PBMs ...

Pillars	1	2	3
	Varying definitions of transparency <i>Transparency as differentiator and trust-builder</i> <ul style="list-style-type: none">➤ Clear breakdown of costs and fees➤ Open communication channels➤ Aim to restore confidence in PBM relationships	“Anti-Big” and “Fiduciary-Aligned” <i>Ethics and alignment via fiduciary models</i> <ul style="list-style-type: none">➤ Acting in best interest of clients➤ Independence from larger, profit-driven PBMs (no perceived conflicts of interest)➤ Fiduciary models vs. spread pricing	Consistent, simple, and flexible <i>Simple value prop across buyer types; flexibility = agility</i> <ul style="list-style-type: none">➤ Clear, repeatable messaging that resonates with HR and consultants➤ Streamlining to reduce complexity➤ Willingness to agree to any request or arrangement

... but will differentiate amongst themselves with dedicated areas of focus.

Focus Areas	A	B	C
	Technology stack <i>Tech as enabler of transparency and experience</i> <ul style="list-style-type: none">➤ Advanced technology platforms for better data analytics and reporting➤ Innovative tools to enhance user experience and operational efficiency	High-touch service model <i>“Concierge-level” and “white-glove” support</i> <ul style="list-style-type: none">➤ Member experience as differentiator➤ Personalized support through dedicated AM’s➤ Regular check-ins and feedback loops to maintain satisfaction levels	Trend mgmt. via clinical expertise <i>Clinical stewardship via evidence-based programs</i> <ul style="list-style-type: none">➤ Utilizing clinical expertise to manage drug utilization trends effectively➤ Implementing proactive measures to control costs while ensuring quality

Real-World Challenges with Smaller PBMs

While smaller PBMs market themselves as agile and client-focused, real-world experience tells a different story. We are already seeing examples of large accounts that switched to boutique PBMs and encountered significant challenges. Common issues include account management instability, such as frequent turnover and teams lacking a deep understanding of client needs; failure to deliver on PMPM savings promises, leaving clients with higher-than-expected costs; and implementation problems, including delayed go-lives and inadequate support during transitions. These pain points underscore the operational and financial risks of moving away from established PBMs with proven infrastructure and scale.

Selling Points Against Smaller PBMs & the Health Plan Value Proposition

When competing against smaller PBMs, health plans should emphasize the advantages of scale, integration, and proven performance. The following points can help position your offering effectively:

- **Scale and Negotiating Power:** Large PBMs deliver deeper discounts and broader rebate access, especially for specialty drugs. Additionally, health plans pass on extra financial incentives when a group integrates pharmacy, medical, and behavioral health services—a level of integration that smaller vendors simply can't provide.
- **Integrated Clinical Programs:** Proven, evidence-based programs for utilization management and adherence that smaller PBMs cannot match. Health plans build these coordinated infrastructures to ensure members never find themselves caught in the middle when seeking care and value.
- **Operational Efficiency:** Integrated service and solutions that reduce administrative burden and complexity compared to fragmented boutique models.
- **Financial Predictability:** Transparent guarantees and risk management frameworks that ensure cost control at scale for both pharmacy and medical.
- **Compliance and Security:** Robust infrastructure to ensure regulatory compliance, data security, and fraud prevention.
- **Specialty Pharmacy Access:** Comprehensive pharmacy and medical networks and care models for high-cost therapies, which boutique PBMs lack.

Considerations for Health Plans

For health plans, understanding this messaging is critical when competing against smaller PBMs. While transparency and flexibility sound attractive, these models often lack the scale, negotiating power, member care coordination, and integrated capabilities that large PBMs and health plans provide—especially in areas like specialty pharmacy, clinical programs, benefit management, and cost containment. For example, smaller PBMs may struggle to secure competitive specialty drug pricing, which can significantly impact total cost of care. Plans should emphasize the value of scale-driven savings, proven clinical programs, and compliance infrastructure. Additionally, highlight the risks of fragmented solutions, such as limited access to high-cost therapies or operational inefficiencies. Beyond cost and operations, large PBMs and health plans deliver integrated patient care solutions—such as adherence programs, specialty support, and coordinated clinical interventions—that smaller PBMs cannot replicate. Positioning your offering as comprehensive, patient-focused, clinically sound, and financially sustainable will resonate with clients weighing the trade-offs between boutique PBMs and integrated solutions.