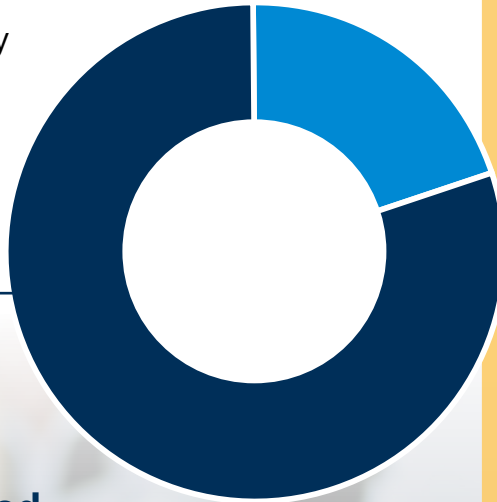


# INDEPENDENT PHARMACIES USE LARGE BARGAINING GROUPS TO GAIN MARKET POWER

Independent pharmacies are not just mom-and-pop neighborhood businesses — they have significant bargaining clout in negotiations with health plans and pharmacy benefit managers (PBMs) by hiring powerful pharmacy services administrative organizations (PSAOs).

**80%**  
of independent  
pharmacies in the  
U.S. are represented  
by PSAOs<sup>1</sup>



## What is a PSAO?

The typical PSAO represents thousands of pharmacies.

### Here's how PSAOs work:

- ✓ Negotiate and enter into contracts with third-party payers on behalf of independent pharmacies
- ✓ Negotiate reimbursement rates, payment, and audit terms
- ✓ Provide access to pooled purchasing power, negotiating leverage, and contracting strategies similar to large, multi-location chain pharmacy corporations
- ✓ Provide inventory and back-office functions to improve pharmacy business
- ✓ Allow rural pharmacies to more effectively negotiate contract terms than pharmacies operating in urban areas with many competitors

<sup>1</sup> U.S. Government Accountability Office (GAO), *The Number, Role, and Ownership of Pharmacy Services Administrative Organizations*. (January 2013). <http://www.gao.gov/assets/660/651631.pdf>