



CONTRACT X-RAY™

Fiduciary-Aligned PBM Contract Standards

Executive Overview

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THE CHALLENGE



EMPLOYER A

- Runs own RFP
- Negotiates alone
- Different terms

EMPLOYER B

- Runs own RFP
- Negotiates alone
- Different terms

EMPLOYER C

- Runs own RFP
- Negotiates alone
- Different terms

PBM procurement is divide-and-conquer. Each employer negotiates in isolation with no way to benchmark what “good” looks like.

“What’s missing is not intelligence, effort, or expertise. It’s coordination.”



CONTRACT X-RAY™

AI-powered contract analysis evaluates PBM contracts

Fiduciary-Aligned PBM Contract Standards

35

Issues Evaluated

10

Key Provisions

0–100

Score Scale

Scoring based exclusively on explicit contract language

HOW IT WORKS



Delivered as a service. No software. No platform. No learning curve.

1

SEND

Email your PBM contract to Nautilus. If your PBM requires an NDA, we can sign one electronically.

2

ANALYZE

Our AI analyst evaluates the full contract against 35 issues across 10 provisions using calibrated scoring rules.

3

DELIVER

Receive a suite of reports from a one-page triage snapshot to detailed negotiation guidance.

QUICK LOOK

One-Page Triage Report

Vital Signs Check

10 questions. 3 tiers.

Answers one question: does this contract warrant a deeper look? Each of the 10 provisions gets categorized as Good, Concern, or Red Flag giving you a fast directional read before committing to a full analysis.

Good

Concern

Red Flag

Audience: Executive leadership, procurement teams

CONTRACT X-RAY™ QUICK LOOK

PBM Contract Triage Assessment

PBM: DRx
DRx PBAA and BAA 02-04-2026

Scoring:
7 Good • 0 Concern • 3 Red Flag

EXECUTIVE SUMMARY
DRx demonstrates strong transparency fundamentals including pass-through pricing, 100% rebate pass-through, no pharmacy ownership, and sole-source-of-revenue commitment. However, three areas require attention: the fiduciary language accepts functional responsibility without participant-interest commitment, the audit mechanism is entirely PBM-controlled with no client-directed alternative, and the exclusivity clause creates financial penalties for carve-outs. A full Contract X-Ray analysis is recommended to delve deeper into the contract terms and develop specific negotiation recommendations and model language for these gaps.


PROVISION SUMMARY

#	Provision	Finding	Result
1	Fiduciary Loyalty Commitment	Accepts fiduciary responsibility for 9 specific administrative functions but no commitment to act solely in participants' interest or support Plan Sponsor's overarching ERISA duties	Red Flag
2	Pass-Through Pricing Integrity	Explicit no-spread language with 100% pass through stated twice; prohibits invisible admin fees and any differential	Good
3	Rebate & Manufacturer Revenue Transparency	100% rebate pass-through with warranty covering all sources including aggregator, manufacturers, and marketing agencies	Good
4	Data Ownership & Rights	Client owns data exclusively; sale of de-identified data prohibited for DRx and contractors; CAA Section 201 access rights established	Good
5	Audit Rights & Verification	No client-initiated audit rights; only PBM-controlled proactive audit exists where DRx selects auditor at sole discretion	Red Flag
6	Conflict of Interest & Network Neutrality	No pharmacy or supply chain ownership by DRx owners, spouses, or extended family; forward-looking prohibition during term	Good
7	Carve-Out & Vendor Rights	Explicit exclusivity requirement with financial penalties including rebate forfeiture and pricing adjustments	Red Flag
8	Lowest Net Cost & Clinical Integrity	Explicit lowest-net-cost commitment with anti-rebate-chasing language; formulary managed using evidence-based drugs	Good
9	Termination & Clean Exit	Without-cause termination at client's discretion with approximately 60 days notice; no direct termination fees stated	Good
10	Administrative Fee Transparency	Sole source of revenue warranty covering supply and demand sides; all fees itemized including aggregator	Good

Good **Concern** **Red Flag**

ABOUT THIS REPORT
The Quick Look identifies high-level areas of strength and concern. A full Contract X-Ray™ provides detailed analysis of all 10 provisions with a calibrated 0-100 score, negotiation recommendations, and model contract language.

This assessment is for informational purposes only and does not constitute legal, financial, or professional advice.
Quick Look Checklist v04-11 | © 2025 Nautilus Health Institute

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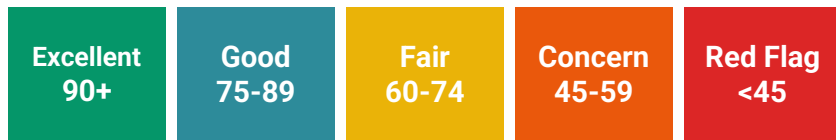
Draft For Discussion Purposes - 2026-02-05

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Full Evaluation

35 issues. 10 provisions. Color-coded.

The complete evaluation condensed to a single page. Shows the overall 0–100 score, provision-by-provision breakdown with color-coded ratings, and key findings. This is what you bring to the benefits committee or the board meeting.



Audience: C-suite, benefits committee, board

CONTRACT X-RAY™ SCORECARD

Fiduciary-Aligned PBM Contract Standards

PBM: DRx
Dirx PBA and BAA 02-04-2026

Overall Score:
65 / 100 **Fair**

EXECUTIVE SUMMARY
 DRx is a priority field, pass-through PBM that demonstrates strong transparency in pricing, fees, and conflict-of-interest protections. The contract scores well on rebate pass-through (85), COI protections (88), administrative fee transparency (83), and data ownership (78) — reflecting a business model structurally aligned with plan sponsor interests. However, significant gaps remain in client-directed audit rights (41), carve-out and vendor flexibility with an explicit exclusivity requirement and penalties (16), and fiduciary loyalty commitment lacking ERISA acknowledgment (42). These gaps bring the overall score to 65 (Fair), indicating a contract with a strong foundation that requires targeted negotiation to meet fiduciary-aligned standards.

PROVISION SUMMARY

#	Provision	Score	Rating	Weight
1	Fiduciary Loyalty Commitment	42	Red Flag	10%
2	Pass-Through Pricing Integrity	73	Fair	10%
3	Rebate & Manufacturer Revenue	85	Good	10%
4	Data Ownership & Rights	78	Good	10%
5	Audit Rights & Verification	41	Red Flag	10%
6	COI & Network Neutrality	88	Good	10%
7	Carve-Out & Vendor Rights	16	Red Flag	10%
8	Lowest Net Cost & Clinical	73	Fair	10%
9	Termination & Clean Exit	67	Fair	10%
10	Administrative Fee Transparency	83	Good	10%

Excellent (90+)
Good (75-89)
Fair (60-74)
Concern (45-59)
Red Flag (<45)

ABOUT THIS REPORT
 Contract X-Ray evaluates PBM contracts against Fiduciary-Aligned PBM Contract Standards. Scores reflect explicit contract language only, not business model assumptions or marketing claims. Each gap is an opportunity for improvement. The comparison Negotiation Guide provides detailed recommendations, model language, and talking points for each provision.

This analysis is for informational purposes only and does not constitute legal, financial, or professional advice.
 Scored against Fiduciary-Aligned PBM Contract Standards v3.0 | © 2026 Nautilus Health Institute

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NEGOTIATION GUIDE

Scores Become Strategy

Action Plan

Gap Analysis

Contract language that's missing or weak

Model Provisions

Exact language you can propose to your PBM

Talking Points

Conversation guidance for brokers or legal team

Before-Signing Checklist

Final verification before you commit

Audience: Employers, brokers, legal counsel

CONTRACT X-RAY™ NEGOTIATION

NAUTILUS HEALTH INSTITUTE
Fiduciary-Aligned PBM Contract Standards

CONTRACT X-RAY™ NEGOTIATION GUIDE
Prioritized Recommendations for Contract Improvement

PBM: DRx
DRx, PBA and BAA 02-04-2028

Overall Score:
65/100 Fair

EXECUTIVE SUMMARY

DRx's transparent business model creates natural negotiating leverage. The PBM already operates with pass-through pricing, 100% rebate pass-through, no pharmacy ownership, and sole-source revenue — addressing contractual gaps primarily requires documenting existing practices rather than changing business operations. Three provisions score below 45 (Red Flag), but the gap between model and contract is bridgeable through targeted language additions.

PROVISION SUMMARY

#	Rating	Score	Provision	Issue
7	Red Flag	16	Carve-Out & Vendor Rights	Explicit exclusivity requirement with financial penalties for independence
5	Red Flag	41	Audit Rights & Verification	No client-directed audit rights; DRx controls auditor selection at sole discretion
1	Red Flag	42	Fiduciary Loyalty Commitment	DRx accepts fiduciary responsibility for 9 functions but no ERISA acknowledgment or participant-first commitment
9	Fair	67	Termination & Clean Exit	Limited transition cooperation; no data return provision; potential rebate forfeiture risk
2	Fair	73	Pass-Through Pricing Integrity	No protection against post-adjudication extraction (DIR fees, pharmacy clawbacks)
8	Fair	75	Lowest Net Cost & Clinical	No PEPM benchmarking or improvement targets
4	Good	78	Data Ownership & Rights	Broad de-identified data use permission; no plan compensation for commercial use
10	Good	83	Administrative Fee Transparency	No book-of-business fee benchmarking
3	Good	85	Rebate & Manufacturer Revenue	Non-claim manufacturer revenue not explicitly named; relies on catch-all language
6	Good	88	COI & Network Neutrality	No explicit anti-steering commitment beyond formulary; no network change notification

Excellent (90+) Good (75-89) Fair (60-74) Concern (45-59) Red Flag (<45)

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COMPARISON

Side-by-Side Contract Analysis

Negotiation Progress

Improvements. Regressions. Quantified.

Compares two contract versions to show what improved, what regressed, and what critical gaps remain. Used to validate negotiation outcomes or evaluate competing PBM proposals during procurement.

Excellent
90+

Good
75-89

Fair
60-74

Concern
45-59

Red Flag
<45

Audience: C-suite, benefits committee, board



PBM ACCOUNTABILITY INDEX

PBM Contract Ratings

How Compliant Are PBM Contracts?



EMPLOYER DEMAND

Employers require a Contract X-Ray rating before considering a PBM proposal. Ratings become procurement table stakes.



PBM COMPETITION

PBMs compete to improve their ratings because strong scores become a market differentiator and competitive credential.

ACCOUNTABILITY INDEX PREVIEW

Excellent (90+)	PBM A
Good (75-89)	PBM D, PBM F
Fair (60-74)	PBM B, PBM G, PBM H
Concern (45-59)	PBM C, PBM E, PBM I
Red Flag (<45)	PBM J



Ready to See What's in Your PBM Contract?

Visit www.nautilushealth.org/PBM for more details

Employer-first. Independent expertise. No vendor conflicts.