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INSPIRING HEALTHY ACTS

PRESCRIPTION DISCOUNT CARDS

A Change in the Pharmacy Industry

Introduction

Prescription drug prices have long been a concern for both consumers and policymakers. A 2023 poll found that 61% of U.S. adults reported taking at least one prescription drug, and a majority (82%) said prescription drug costs are unreasonable.[1] High drug prices have led many to make difficult decisions, with 28% of adults saying they have struggled to afford their medications, and some even cutting pills in half or skipping doses to save money. Among adults 65 and older, nearly 89% take prescription medications, yet almost 4% do not get needed prescriptions due to cost.[2]

Prescription discount card programs, such as GoodRx and SingleCare, have emerged with the promise of lowering the cost of medications. These programs allow patients — especially those who are uninsured or have high-deductible health plans — to access discounted rates at participating pharmacies. In 2021, discount cards were used in 5.4% of all prescription transactions, up from 3.3% in 2017.[3]

As these cards become more integrated into the broader pharmacy landscape, their role continues to evolve, impacting how patients access and pay for medications. This explainer reviews how prescription discount cards work, regulations affecting them, and the potential challenges they present to patients and pharmacies.

Overview

Prescription discount cards offer a way for patients to reduce their out-of-pocket medication costs. Discount cards are not a form of insurance but, like insurance, provide immediate savings at the point of sale by giving patients access to pre-negotiated rates on prescription drugs at

participating pharmacies. Figure 1 provides an overview of how prescription discount cards function.

FIGURE 1: HOW A PRESCRIPTION DISCOUNT CARD WORKS

Relationships Between Discount Card Programs, PBMs, and Pharmacies

Pharmacy benefit managers (PBMs) negotiate terms with pharmacies to determine network participation and reimbursement rates.[4] Discount card programs partner with multiple PBMs to access their networks, enabling them to compare rates across PBMs and apply the lowest price available for the patient. When a patient uses a discount card, the PBM processes the transaction, and the pharmacy pays a fee to the PBM. A portion of this fee is passed to the discount card program, leaving the pharmacy with only the discounted price paid by the patient (minus the fee paid to the PBM).[5] This arrangement allows PBMs and discount card programs to collect revenue from both membership and transaction fees.

Pharmacies were initially enticed to participate in discount card programs by the opportunity to attract new customers and increase store traffic, particularly for uninsured or underinsured patients.[6] The programs allowed pharmacies to offer discounted prices at the point of sale, encouraging customer loyalty and the possibility of repeat business. As discount card programs became more widely used, however, many pharmacies — particularly independent and rural operations — began opting out because of reduced revenue associated with these transactions.

Historically, discount card programs functioned as independent, stand-alone options, allowing patients to bypass traditional insurance and access cash prices that were often more affordable

than out-of-pocket costs under insurance plans.[3] More recently, PBMs have created their own discount card programs or partnered with existing ones, embedding these programs within broader prescription management services.[7] This integration simplifies patient access by automatically applying discount card prices, but it has also significantly altered the financial relationship between pharmacies and PBMs. By embedding discount card programs directly into prescription benefit plans, PBMs restrict pharmacies' ability to opt out of these programs, making participation necessary to stay within PBM networks and maintain access to patients.[a]

This evolving relationship has led to lawsuits filed against GoodRx and several PBMs, alleging practices that suppress reimbursement rates and impose financial burdens on pharmacies.[8] The pharmacies claim these practices involve the use of real-time pricing algorithms, which rely on multiple PBMs sharing confidential and proprietary pricing information to identify the lowest possible reimbursement rates. These lawsuits further allege that this process constitutes a collusive agreement and an unlawful price-fixing arrangement, violating federal antitrust

BREAKDOWN OF PRESCRIPTION COST-SAVING OPTIONS

Prescription discount cards are one of several options available to help patients save on medication costs.

Prescription Discount Cards
These cards allow patients to access pre-negotiated, discounted prices at participating pharmacies. They offer immediate savings on medications at the point of sale.

Manufacturer Copay Coupons
These coupons are offered by drug manufactures to reduce patients' out-of-pocket costs for specific drugs, with the manufacturer covering the difference in copays. These coupons are typically available only to commercially insured patients and not those on Medicare or Medicaid.

Pharmacy-Specific Savings Plans
Some pharmacies offer their own in-house discount or membership plans, providing additional savings on prescriptions for a flat fee or subscription.

Prescription Drug Assistance Programs
These programs, often run by state governments, provide financial support or low-cost medications to individuals who may have difficulty affording their prescriptions. State pharmaceutical assistance programs (SPAPs) are a common type, designed to help older adults or those with limited incomes cover prescription drug costs. Unlike discount cards, these programs are usually targeted to specific populations and may provide additional support alongside Medicare Part D or other insurance.

[a] According to the Federal Trade Commission report, *Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies*, the top three PBMs — CVS Caremark, Express Scripts, and OptumRx — managed 79% of prescription drug claims in 2023. The report finds that pharmacies face high exit barriers because PBMs are the primary mechanism for reimbursement from third-party payers, leaving few alternatives for pharmacies to remain viable.

laws.[9] These legal disputes also highlight broader questions about transparency and the sustainability of pharmacy operations within the discount card environment.

Challenges for Medicare Beneficiaries

Medicare beneficiaries face unique challenges related to prescription discount cards. While these cards can offer short-term savings on prescription drug costs, beneficiaries must weigh this against the structure of Medicare Part D coverage. Under Part D, beneficiaries are required to contribute to out-of-pocket costs — including copays, coinsurance, and the deductible — until they reach the out-of-pocket maximum for catastrophic coverage.[10] Using discount cards does not count toward this maximum.

This creates a dilemma: Beneficiaries must decide between using a discount card to save on individual prescriptions or applying those expenses toward Medicare's out-of-pocket threshold, potentially accelerating their progress toward catastrophic coverage. In 2025, the Medicare Part D catastrophic coverage threshold is set at $2,000, reducing beneficiaries' out-of-pocket costs compared to the previous threshold of $8,000 in 2024. This change may reduce the need for discount programs. Until then, beneficiaries must weigh the short-term savings against long-term costs.[11]

Oversight and Consumer Protection

Unlike health insurance, discount card programs are largely unregulated at the federal level, and oversight varies between states. Federal regulation remains limited, but in 2023, the Federal Trade Commission (FTC) issued its first enforcement action under the Health Breach Notification Rule, which applies to companies not traditionally covered by the Health Insurance Portability and Accountability Act, a federal law governing the privacy and security of healthcare data.[12] The FTC fined GoodRx for disclosing personal health information to third-party advertisers without proper authorization. This case highlights the risks associated with the growing use of discount card programs and the lack of consistent regulation across states.

In response to gaps in federal oversight, several states, including Arkansas, have enacted laws related to discount card programs. State laws typically address issues such as consumer protection, marketing, and data usage. For example, New Hampshire, Oregon, and South Carolina require discount card sellers to register with the state, allowing for oversight to monitor compliance with consumer protection laws.[13] Connecticut restricts how consumer data collected through discount card programs can be used, aiming to address privacy concerns. At least 13

states, including Arkansas, mandate that discount cards prominently display disclaimers stating they do not represent insurance.

Arkansas law protects discount card users by requiring that each listed healthcare provider, including pharmacists and pharmacies, have a contract authorizing the discounts. The law also allows consumers to cancel contracts within 30 days for a full refund.[14] Some discount card programs, especially those within PBM pricing networks, may lack direct agreements with providers, raising compliance concerns.

In February 2025, GoodRx filed a federal lawsuit challenging the Arkansas law after the Bert and Annette Mullens Foundation filed a state court lawsuit against the company, alleging that its discount cards violate Arkansas law by failing to comply with statutory disclosure requirements and misleading consumers.[15] GoodRx contends that the law violates the First Amendment's free speech protections by compelling misleading disclosures[b] and the Fourteenth Amendment's Due Process Clause by imposing excessive damages.[16]

As discount card programs become more integrated into PBM-managed benefits, they may be subject to licensure requirements in Arkansas if they perform functions that meet the statutory definition of a PBM.[17] Without such oversight, discount card programs could bypass state laws designed to prevent hidden clawbacks and deceptive fees, undermining consumer protections. Given that Arkansas has been a leader in regulating PBMs, the state should closely examine potential impacts to ensure adequate consumer protection and transparency.[18]

Conclusion

Prescription discount cards are no longer stand-alone tools used by a small segment of the population. As patients seek alternative ways to manage healthcare expenses, these cards have become increasingly integrated into the broader pharmacy industry, reshaping how patients, pharmacies, and PBMs interact. While prescription discount cards offer potential savings and fill gaps in coverage, they also present challenges. As healthcare affordability continues to be a significant issue for Americans, understanding the evolving role of discount card programs and addressing these challenges is essential for consumers, policymakers, and

[b] GoodRx argues the mandated 30-day cancellation notice is misleading because most of its discount cards do not require registration or have an effective date, making the requirement irrelevant. For its paid GoodRx Gold Card, which members can cancel at any time, the law's language could falsely suggest cancellations are only allowed within 30 days.

industry stakeholders. Proper oversight and regulation will be necessary to ensure these programs remain sustainable and beneficial for all involved.

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