

It's time for PBMs to Share the Savings



PROBLEM: The unregulated drug pricing system forces people to overpay for their prescription medications, threatening patient health and outcomes.

SOLUTION: Require Pharmacy Benefit Managers (PBMs) and health plans to pass through negotiated savings to patients at the point of sale.

WHAT ARE PBMS AND PBM REBATES?

- PBMs negotiate price discounts from drug manufacturers on behalf of health plans
- The drug manufacturer pays the PBM a rebate - a percentage of a drug's list price - in exchange for formulary placement and market access

The Pharmaceutical Payment and Distribution Supply Chain



HOW DO PBM REBATES HARM PATIENTS?

- If the list price of a medicine goes up, PBM revenue increases
- Therefore, a PBM can make a higher profit margin from a product with a higher list price and larger rebate - but these savings are not passed along to the patients
- PBMs can also exclude medications with lower list prices from the formulary entirely, making lower-cost medications inaccessible

WHAT CAN BE DONE?

Pass along rebates and discounts to patients at the pharmacy counter. This should include:

- A **minimum of 80%** of rebates and discounts must be passed through to patients at the point of sale
- All copays that are a percentage of price must be calculated based on the price **net of rebates and discounts**
- Civil penalty **per violation** to be levied by the state department of insurance or other entity for noncompliance by an insurer

Many states have already implemented laws regulating PBM activity and ensuring fair practices for patients.



RECENT PBM GROWTH

PBMs pocketed more than

\$450 billion in revenue in 2020.

The three largest PBMs excluded



846 drugs

from their

formularies in 2020 - a nearly eightfold increase in 6 years.

Pharmacies were hit with an estimated

\$9.1 billion

in fees from PBMs in 2019 compared to \$229 million in 2013.