

TALKING POINTS: **Pharmacy Benefit Managers**

General Background

1. Pharmacy Benefit Managers have inserted themselves between the drug manufacturer, pharmacists and their patients – often costing patients more money. PBM’s claim to be saving patients money, but instead the PBM’s force manufacturers to buy their way onto to the approved drug list (*formulary) by demanding higher rebates from them. The drug companies in turn raise the price of the drug to compensate for the higher rebates demanded by and paid to the PBM’s. Instead of the rebate offsetting the higher drug price, it has been shown in studies in states across the country that the PBM’s pocket the rebate money - and then blame the cost increase on the manufacturer. The consumer pays the higher drug cost, usually without benefit of the rebate.

For additional information, click on the article titled:

The Secret Drug Pricing System Middlemen use to rake in Millions.

Note: *Formularies and preferred drugs are often decided by rebate amounts to PBMs, and not the by the best price for the consumer or their plan sponsor Insurer/employer.

2. PBM’s are not an insurer, they bear no risk, but instead they simply process claims and set drug formularies and prior authorization systems. Through their complicated systems they often times raise prices through their non-transparent activities.

For additional information, click on the article titled:

Trump's New Pharmacy Benefit Manager Rebate Rule Will Reshape Prescription Drug Prices (Note there is good background information in this article about rebates. Unfortunately, the Administration didn’t push forward with the provisions in the Medicare Part D Program).

3. PBM’s have been caught charging patients one price for the drug and billing the payer a higher price. This is referred to as “spread pricing” and it too drives up drug prices.

For additional information, click on the article titled:

Consumers agree: Greater transparency among pharmacy benefit managers is needed

SB 971

For far too long Pharmacy Benefit Managers have gone unchecked and become greedy in the pharmacy marketplace. They continue to drive the price of drugs up. Those costs are ultimately borne by pharmacists and patients. In addition, they redirect patients to their pharmacies or force them to use mail-order pharmacies, while forcing patients to use more expensive drugs which drives up health care costs.

This year, the Missouri Pharmacy Association has worked with Senator David Sater and other legislative leaders to file bills to address some of these injustices. SB 971 is pharmacy supported legislation that will:

- **License PBM's through the Missouri Department of Commerce and Insurance**
- **Restrict PBM's from redirecting patients away from the pharmacy of their choice**
- **Define the definition of rebate and implementing a program in the Missouri Consolidated Health Care Plan that would require them to account for how rebate dollars are spent**
- **Require PBM's to report conflicts of interest**
- **Prevent PBM's from redefining generic and brand drugs, forcing patients to use the more expensive medication**