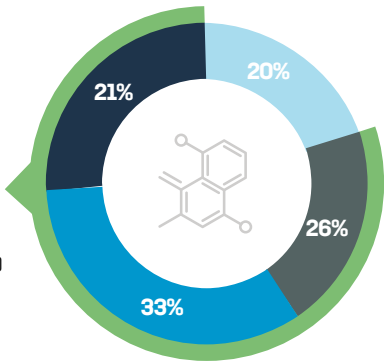


Hold PBMs Accountable: Rein in Middlemen Tactics that Harm Patients

Insurance companies use middlemen known as pharmacy benefit managers (PBMs) to decide what medicines people can get and what people pay out of pocket.

Top 3 PBMs' Market Share:
80%

- OptumRx (UnitedHealthGroup)
- CVS Caremark
- Express Scripts
- All Other



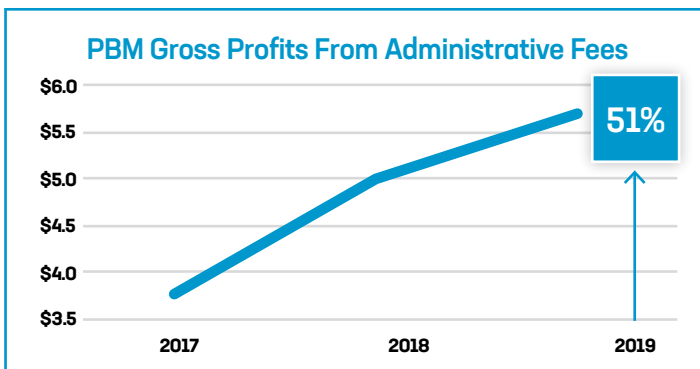
Just a few PBMs control almost the entire prescription drug market. Through years of consolidation, the largest PBMs either own or are owned by the nation's largest health insurers.

PBMs operate in a black box with little transparency and accountability. They profit off a business model rife with conflict and engage in tactics that can drive up costs and make it harder for patients to get their medicines:¹

- Fees Tied to Prices
- Spread Pricing
- Patient Steering

📈 Fees Tied to Prices

Allowing middlemen to extract rebates and fees tied to the price of medicines has allowed PBM profits to soar.¹



But experts warn it can also lead to higher costs for patients at the pharmacy.²

	Medicine A	Medicine B
Price of Medicine	\$100	\$50
Rebate Based on Price (40%)	\$40	\$20
Admin Fee Paid by Manufacturer (3%)	\$3	\$1.50
Total Patient Out-of-Pocket Cost*	\$100	\$50
Total Payment to PBM	\$143	\$71.50

*Patient is in their deductible

These middlemen practices are under increasing scrutiny by states, Congress and federal regulators.

“PBMs have an incentive for manufacturers to keep list prices high ...”

–United States Senate Committee on Finance³

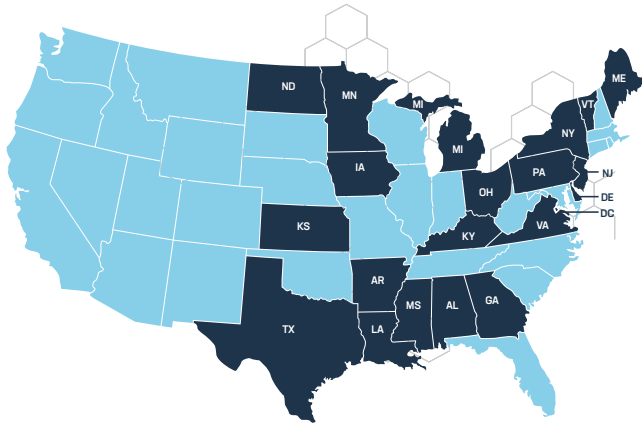
“These rebates and fees may shift costs and misalign incentives in a way that ultimately increases patients’ costs ...”

–United States Federal Trade Commission⁴



Spread Pricing

PBMs often bill health plans, employers and government health programs more than what they pay to the pharmacy for medicines and pocket the difference. For example, the state of Ohio was overcharged nearly \$225 million in a single year due to PBM spread pricing.⁵



More than 20 states have taken action to rein in the use of spread pricing.⁶

The Congressional Budget Office found that prohibiting the use of spread pricing in Medicaid would save taxpayers more than \$900 million over 10 years.⁷



Patient Steering

As the health care industry has become more consolidated, PBMs have increasingly required patients to pick up their prescriptions at pharmacies the PBM owns or has another financial relationship with. This can include a retail pharmacy, mail-order pharmacy or specialty pharmacy. Steering can happen without the patient's knowledge and can deny people the benefit and convenience of visiting their local pharmacist.

• **79% of community pharmacists in a 2020 survey said their patients' prescriptions were transferred to another pharmacy in the last six months without their patients' knowledge or consent.⁸**

A New Patient-Centered PBM Model

By demanding more accountability and transparency, Congress can help rein in abusive PBM practices and provide meaningful relief to patients and taxpayers.

- ✔ **Break the link between fees and price.** Require that PBMs receive a fixed fee for their services, strengthening incentives for middlemen to choose medicines that lower costs for patients.
- ✔ **Prohibit spread pricing.** Save money for patients and taxpayers by ensuring health plans, employers and government programs are getting the best deal possible.
- ✔ **Rein in patient steering.** Help patients get the medicines their doctors prescribe at a pharmacy that's convenient for them, not one that pads the profits of PBMs.
- ✔ **Demand greater transparency.** Require full disclosure of the aggregate rebates, administrative fees and other payments PBMs receive so stakeholders fully benefit from negotiated savings.

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