Pharmacy Benefit Managers: What They Say and What They Do

DRUG COSTS/ACCESS

What They Say	What They Do
"Looking forward to continuing to advance the great work that CVS Health and CVS Caremark are already doing in making sure that people who need care get it simply, easily and with as few barriers as possible." – **CVS Health**, January 2023	CVS removed all but one direct oral anticoagulant from its 2022 commercial formulary. This move was immediately denounced by the Partnership to Advance Cardiovascular Health, who called the change "dangerously disruptive for patients currently on therapy." They also stated the decision would "disproportionately affect historically disadvantaged patients" and "unquestionably exacerbate health equity concerns that exist in cardiovascular care."[1] CVS also often requires patients to obtain medicines exclusively from their own or affiliated pharmacies, even if these pharmacies are farther away or less convenient for the patient. CVS even requires certain patients to use CVS' mail order or retail pharmacies if they wish to fill prescriptions for a 90-day supply of a medicine.[2]
"For many of us, prescription drugs are essential to maintaining or managing good health – so it is critical that they are affordable and accessible." – CVS **Health**, December 2022	CVS excluded 585 unique medicines from their formulary in 2022–the most of the three largest PBMs and a 40% increase from the prior year. Of the products excluded in 2022, nearly half were products without a generic or biosimilar equivalent, meaning if a patient wanted to access the medicine they had to pay completely out of pocket or undertake a burdensome appeals or exceptions process.[3]
"While drug manufacturers would have people believe that PBMs are retaining these discounts, virtually all rebates and discounts are passed on to clients." – **CVS Health**, April 2019	PBMs have broad discretion over what share of the money they collect from stakeholders in the system qualifies to be passed through to the employer or health plan. Increasingly, PBMs have shifted from relying on retained commercial rebates – perhaps in response to increased public and employer scrutiny – in favor of revenues collected from spread pricing and administrative service fees assessed on manufacturers, payers, and pharmacies. Higher administrative fees and new types of fees based on service arrangements that are largely dictated by the PBM are generally retained by the PBM and their affiliates – not passed through to the client or patient.
"Reducing out-of-pocket costs for consumers is the single best thing we can do to improve the health of those we serve." – **Express Scripts**, April 2023	A review of Express Scripts 2022 formulary found that close to half or 563 of the exclusion decisions had "questionable benefits for the patient, potentially forcing the patient and provider to experiment with therapeutic choices that may negatively impact the patient clinically and financially." Researchers found 10 cases where Express Scripts excluded a lower cost generic or authorized generic in favor of higher cost brand products.[4]

"Providing people affordable access to prescription drugs is at the heart of everything we do." - **Optum Rx**, January 2023	OptumRx admitted that more than 10% of the time, patient out-of-pocket costs would be lower if patients paid for their medicine directly, rather than going through their OptumRx-managed insurance coverage.[5]
"Pharmacy benefit companies work every day to drive value for patients and leverage our clinical expertise to address our country's biggest health care challenges and improve outcomes for the patients we serve." - **Express Scripts**, February 2023	In 2021, Express Script's parent company, Cigna, began offering patients taking a certain autoimmune medicine a $500 debit card to incentivize them to have their physicians switch them to an alternative medicine preferred by the payer. Patients who chose to stay on their current treatment were stuck with higher out-of-pocket costs if they were unwilling to switch to a product the insurance company preferred.[6] The American Medical Association subsequently passed a resolution opposing this action, noting that "using money to persuade patients to make a choice against their own health raises ethical concerns" and "will disproportionately affect patients of lower socio-economic status, who may have less ability to refuse such a payment despite their health interests."[7]
"PBMs are built to lower prescription drug costs, and we work behind the scenes each day on behalf of the people we serve." - **Express Scripts**, November 2022	On a recent earnings call, an executive at Express Scripts stated they are able to leverage competition to "create value, meaningful portions of that value were passed back to clients, customers, and patients, and **a sustainable portion of the value is retained by us**."
"Rebates are not the cause of increasing drug prices, in the system today, rebates are used to reduce overall health care costs for consumers." - **Express Scripts**, October 2021	According to the Federal Trade Committee, which is investigating PBMs, the rebates and fees PBMs receive "may shift costs and misalign incentives in a way that ultimately increases patients' costs."[8] According to a bipartisan report on insulin by the Senate Finance Committee, "PBMs have an incentive for manufacturers to keep list prices high, since the rebates, discounts, and fees PBMs negotiate are based on a percentage of a drug's list price—and PBMs retain at least a portion of what they negotiate. In fact, the investigation found instances in which insulin manufacturers were dissuaded from setting lower list prices for their products, which would have likely lowered out-of-pocket costs for patients, due to concerns that PBMs and health plans would react negatively."[9]

GENERICS/BIOSIMILARS

"CVS Health will continue to innovate and use every tool at our disposal to bring down the costs of drugs while also advocating for effective policies that increase access to affordable medications." - **CVS Health**, March 2019	CVS has stated that despite the availability of a lower list price biosimilar, Humira will remain preferred on their standard commercial formulary while the biosimilar versions will be placed on a non-preferred brand tier.[10]

"The coming wave of biosimilars is a pivotal opportunity to reduce cost and increase access to care for millions of people." – **OptumRx**, November 2022	OptumRx has preferred a brand insulin product with a higher list price and large rebate on its national formulary for two consecutive years even though there is a biosimilar version with a lower list price that could offer significantly lower costs for some patients.[11] And just this year, the anticipated launch of multiple Humira biosimilars was expected to have a significant impact on the market.[12] OptumRx, however, declined to provide more favorable coverage to the biosimilar over the brand product – including one biosimilar which launched with a low list price to offer patients with deductibles and coinsurance a lower cost option.[13, 14]
"OptumRx fully supports advancement of the biosimilar market as part of our commitment to providing patients and providers with high quality and affordable care, flexibility, and choice." – **OptumRx**, November 2022	OptumRx excluded 10 biosimilar products from their standard formulary last year – the most out of the three largest PBMs.[15] In other words, OptumRx has excluded nearly half (10 out of 21) of all biosimilar products brought to market. OptumRx was also the first of the three largest PBMs to begin excluding biosimilars, starting in 2018.[16]
Speaking of insulin: "OptumRx works to reduce the costs of these drugs as well, encouraging the use of low-cost generics or lower cost, therapeutically equivalent brand drugs when they are available." – **OptumRx**, April 2019	OptumRx has repeatedly excluded authorized generics from its national formulary.[17] Even more troubling, OptumRx has excluded a lower list priced biosimilar insulin in favor of the higher list price brand version with a large rebate, even though that can lead to higher costs for patients.[18]
"Drug manufacturers have also responded to criticisms of the high prices they set for their products by introducing so-called 'authorized generic' versions of their higher-priced brand products... in our experience, these so-called 'generics' often result in higher overall cost when compared to the discounted price of the original brand drug." – **OptumRx**, April 2019	OptumRx has regularly excluded lower list priced authorized generic hepatitis C medicines in favor of higher list price brand with a large rebate in the commercial market.[19] In Medicare, an OIG study found the net costs to Part D plans and Medicare were lower for authorized generic hep C products. They also found beneficiaries were paying thousands more out of pocket for the high list priced versions than they would have for the lower cost version.[xx]

PHARMACISTS

"Independent pharmacies already add value beyond dispensing medications–and they can do even more. We need to ensure rural communities have access to the same quality, affordable care as those living in densely populated communities. – **Express Scripts**, April 2023	In 2019, Express Scripts clawed back fees from 99% of the pharmacies included in their Part D network.[21] Just 1% of pharmacies met Express Scripts draconian performance-based metrics, while 85% were required to pay Express Scripts 4-6% of the price of each prescription at the end of the year. These types of unfavorable reimbursement terms have resulted in an unsustainable environment for many rural and community pharmacies.[22] According to a 2020 survey, almost 80% of community pharmacists say they've lost patients because PBMs and health insurers steer patients to pharmacies they own or have a financial relationship with. According to the same survey by NCPA, 79% of community pharmacists say patients' prescriptions were transferred to another pharmacy in the last six months without their patients' knowledge or consent.[23]

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PhRMA
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