

The Impact of PBM Practices on Patients

Pharmacy benefit managers, or PBMs, are companies that manage prescription drug benefits on behalf of health insurers, Medicare Part D drug plans, large employers and other payers.

PBMs negotiate rebates and fees with drug manufacturers, create drug formularies and reimburse pharmacies for Patients' prescriptions.

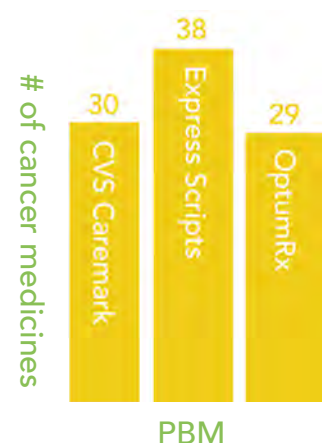


THE PATIENT IMPACT

- PBMs have enormous influence over which medicines Patients can access.
- However, rebates and discounts are not making their way to Patients. So, Patients are not always benefitting from the rebates and discounts in the system. Therefore, Patient out-of-pocket costs are not decreasing as a result.
- In fact, Patients are subjected to higher drug costs when PBMs prioritize more expensive drugs on their formularies.
- Although Patients with chronic conditions typically require long-term, continuous treatment to slow or prevent the progression of disease, medicines to treat these conditions (including insulin, antidepressants, antipsychotics and antiarrhythmics) are most frequently excluded from PBM formulary lists. Therefore, Patients are not realizing the intended savings.¹
- Higher out-of-pocket costs can contribute to lower levels of treatment adherence, higher levels of treatment abandonment and worse health outcomes for Patients with chronic conditions.



Number of cancer medicines and supportive therapies excluded from one or more formulary in 2022.¹



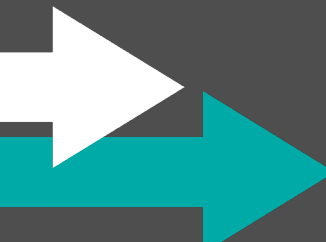
THE FACTS

- PBMs leverage their extraordinary power to **maximize profits and operate with little-to-no transparency**. In fact, the Federal Trade Commission (FTC) recently voted unanimously to launch an inquiry into how PBMs are affecting drug affordability and access.
- Three PBMs, owned by for-profit insurance companies, **control about 80% of the prescription drug market** in the U.S.¹
- The three largest PBMs placed a total of **1,156 unique medicines on their standard formulary-exclusion lists** as of 2022.¹
- In 2023, the total value of manufacturers' gross-to-net reductions for all brand-name drugs was \$334 billion.⁷
- PBMs receive a **larger rebate for expensive drugs** than they do for ones that may provide better value at lower cost.³
- PBMs are **demanding rebates as high as 70% on insulin**, then fail to pass on rebates to Patients.⁶
- One analysis found that the list price of **one insulin product increased by 141% despite a 53% decline in net price**.⁶
- Compared to 2014, almost **six times more cardiovascular treatments were excluded** from one or more PBM formulary in 2022.¹
- PBMs practice "**spread pricing**" whereby health plans and employers reimburse PBMs at a higher price for generic drugs than what the PBMs pay pharmacies for these drugs. PBMs then keep the difference.⁴
- Out-of-pocket **costs for all Patients increased by \$1 billion** in 2020 to reach a record **\$77 billion**.⁵



How Policymakers Can Take Action

- Require greater transparency around how rebates are utilized within the system.
- Ban "spread pricing" to ensure that payers and employers are not overpaying PBMs for prescription drugs.
- Require PBMs to pass through payer rebates onto Patients.



Passing State legislation requiring insurers and PBMs to share negotiated discounts and rebates at the pharmacy counter could save some New Jersey Patients nearly **\$1,000** each year.

PBMs operate with little to no transparency. Learn more and join BioNJ in our efforts to ensure Patients have access to the right medicine at the right time by visiting

BioNJ.org/Protect-Medical-Innovation

1 https://catalyst.pharma.org/report-finds-pbms-are-increasingly-restricting-patient-access-to-their-medicines/?utm_campaign=Subscribe&utm_medium=email&_hsim=214366196&_hsenc=p2AN-qz6WuJlMafpAGkRdNueF571uMlqeUMau5yp286WY1Yc2p4nScOgBWSNbnmVco01QNXmfw3h4C1qvFhpJE86DSIQ&utm_content=214366196&utm_source=ta_email

2 <https://www.drugchannels.net/2022/03/warped-incentives-update-gross-to-net.html>

3 <https://www.commonwealthfund.org/publications/explainer/2019/apr/pharmacy-benefit-managers-and-their-role-drug-spending>

4 https://www.pbmaccountability.org/_files/ugd/b11210_6c9d38c037db456dbac236f25d51c92.pdf?index=true

5 <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-use-of-medicines-in-the-us>

6 <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-launches-inquiry-prescription-drug-middlemen-industry>

7 <https://www.drugchannels.net/2024/07/gross-to-net-bubble-update-2023-pricing.html#:~:text=The%20gross%20to%20net%20bubble%20keeps%20inflating,%20We%20estimate,changes%20shown%20above%20sustain%20ever%20increasing%20rebate%20dollars.>