

PHARMACY BENEFIT MANAGERS SHOULD SERVE PATIENTS



For the hundreds of millions of Americans who live with chronic conditions, affording their medication on an ongoing basis, despite having insurance, is a major barrier to living a healthy and full life.

Pharmacy benefit managers (PBMs) were initially established to process prescription drug claims, however, due to massive growth in their scale and market consolidation, PBMs now touch every part of the drug supply chain:

- They determine drug coverage and cost-sharing for ~220 million people
- They own retail, mail-order, and specialty pharmacies
- They negotiate and collect discounts and rebates from drug manufacturers under the guise of “lowering drug costs”



The problem is that despite the fact that manufacturers are giving discounts, *patients still have high out-of-pocket costs*, and PBMs are more profitable than ever.

However well-intentioned, the system is not doing what it was intended to do: make prescription medicines affordable to the people who need them. And because price negotiations are private, it's not clear to government regulators or consumers whether PBMs are acting in good faith to reduce patients' costs.

As a result, patients often ration medication, sometimes to such low doses that it becomes ineffective. This leads to worse health outcomes, greater financial instability, and more tragic consequences.

Luckily, there are policy solutions that can help reign in PBM shortcomings:

TRANSPARENCY

- Prohibit unfair or deceptive marketing practices
- Incentivize transparency by exempting PBMs from certain requirements if compliant
- Equip regulators to enforce
- Protect whistleblowers

PATIENT SAVINGS

- Require patient cost sharing to be calculated at the point of sale, reduced by amount equal to percentage of rebate amount
- Require health plans to provide enrollees with estimates of their decrease in cost-sharing

