PBMs and Their Role in Drug Costs

National Association of Nutrition and Aging Services Programs (NANASP)
August 22, 2023

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Our mission
We deliver advocacy, connections and solutions that enable independent pharmacists to thrive.
What are PBMs?

The Creation of PBMs

• Decades ago, insurance companies began covering prescription drugs
  • PBMs as claims processors

• PBMs managed claims for
  • Managed Care Organizations
  • Employers
  • Government Programs
How PBMs Work

• PBMs contract with pharmaceutical manufacturers to obtain favorable formulary placement

• Employers/insurers contract with PBMs

• PBMs determine pharmacy network and payment
How PBMs Work

• PBM pharmacy networks = various types of pharmacies

• Some PBMs incentivize certain mail order pharmacies or retail pharmacies

PBM Anti-Competitiveness

Anti-competitiveness has been exacerbated by the consolidation in the industry due to:

• Vertical integration
• Horizontal integration

• PBMs drive patients and revenue to their own pharmacies

• Harms small business pharmacies – leading to pharmacy deserts
PBM's make money from almost every player in the prescription supply chain, including the patient... yet they never touch a medication.
Patient Issues

• Preferred/restrictive networks

• Mandatory use of PBM owned or affiliated pharmacy

• Lack of patient choice of pharmacy

PBM Impact on Patient Care

PBMss determine

| Which drug a patient will get | How much patients pay for a drug | Types of medications dispensed | Duration of the supply dispensed |
Tactics That Harm Patients

• PBM claw backs
• PBM spread pricing
• PBM rebates
• Mail order pharmacy

Federal Legislative Update
NCPA’s Congressional PBM Reform Priorities

**Senate**

Senate Finance Committee: The Modernizing and Ensuring PBM Accountability Act (MEPA)
- S. 1038, *the Drug Price Transparency in Medicaid Act*
- S. 2052, *the Protect Patient Access to Pharmacies Act*
- S. 127, *the Pharmacy Benefit Manager Transparency Act*

**House**

H.R. 3561, *the Promoting Access to Treatments and Increasing Extremely Needed Transparency (PATIENT) Act*
- H.R. 1613, *the Drug Price Transparency in Medicaid Act*
- H.R. 2880, *the Protecting Patients Against PBM Abuses Act*