



Pharmaceutical Access & Affordability Pharmacy Benefit Managers (PBMs)



ISSUE OVERVIEW:

Dermatologists are committed to providing the most effective and cost-efficient care and pharmaceutical therapies to their patients. The AADA understands the need to manage the unpredictable and growing costs of health care but that should not be achieved at the risk of harming patients or unduly burdening them economically.

Unfortunately, a variety of environmental factors have affected patients' access to treatment including market forces that have led to consolidation of drug manufacturers; the actual elimination of particular drugs from the marketplace; slow approval processes for both generic and specialty drugs; skyrocketing pricing of medications; insurer tiering practices that place higher cost medications out-of-reach for many patients; and policies that force drug switching or cessation of effective therapies.

The AADA recognizes the need for a comprehensive solution across the drug supply chain to address rising drug costs, and an essential component to that solution is price transparency. This includes cost transparency for the full compendium of medications, as well as how co-payment and coinsurance levels are determined so that patients continue to have access to a wide range of treatment options. The methodologies for determining drug prices should be readily transparent, and should aid patients in receiving the maximum benefit from any cost saving measures. Patients and physicians should have access to real-time cost information available at the point of prescribing to ensure cost considerations are a meaningful part of the decision making process.

Pharmacy Benefit Managers (PBMs) are intermediaries contracted by payers to manage prescription drug plans on behalf of beneficiaries. Originally created to serve as processors of prescription claims, PBMs have grown into significant players in the drug supply chain. At present, three PBMs control nearly three-quarters of the PBM market.¹ PBMs drive what drugs are available to patients by setting a plan's formulary, which is a list of preferred drugs approved for coverage by a health insurance plan. PBMs determine which pharmacies are included in a plan's network, and how much a pharmacy is compensated for dispensing a specific drug. Using "rebates" and other fees, PBMs negotiate with drug manufacturers in order to receive discounts on products. PBMs set cost-sharing levels, also known as tiers, for the patient and process the prescription claims. Unfortunately, contrary to PBMs' claims, there is little evidence that these rebates are ever used to lower drug costs or to improve access for patients.

The AADA strongly supports transparency in the role of PBMs in setting drug prices so patients, physicians, pharmacists, and employers, including the federal government, know the true cost of prescription drugs. Consolidation of the industry and current financial arrangements must be monitored to avoid conflict of interest. The AADA believes PBMs must disclose how much of the rebates and discounts are passed onto the patient. Further investigation is necessary to determine the extent to which PBM negotiations and arranged rebates affect formularies, tiers, and drug prices.

LEGISLATIVE ASK



Support legislation that requires greater transparency on the part of PBMs.

HOUSE:



Cosponsor the "Prescription Drug Price Transparency Act" (H.R. 1316) introduced by Representatives Doug Collins (R-GA), David Loebsack (D-IA), Buddy Carter (R-GA), John Duncan (R-TN), Cathy McMorris Rodgers (R-WA), Rod Blum (R-IA), John Sarbanes (D-MD), and Brian Babin (R-TX).

SENATE:



Cosponsor the "Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act" (S. 637) introduced by Senators Ron Wyden (D-OR), Sherrod Brown (D-OH), and Heidi Heitkamp (D-ND).

¹ Health Strategies Group, Research Agenda 2017: PBM Trends & Strategic Implications, February 2017