

Coalition seeks more transparent pharmacy benefits managers

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Several national organizations have established the Coalition for PBM Reform, which seeks to alter the way pharmacy benefit managers operate to better serve patients, pharmacies and businesses.

The group stems from a common concern among patient advocates, doctors, pharmacies and small business groups that spread pricing, patient steering, and other PBM practices restrict access to drugs and [increase costs](#), said Douglas Hoey, CEO of the National Community Pharmacists Association, one of the participating groups.

"We want others to understand the oversized influence that PBMs have and why they have such an influence in how prescription drugs are paid for and which ones are covered," Hoey said.

Other coalition members include the Community Oncology Alliance, the Coalition of State Rheumatology Organizations, the AIDS Healthcare Foundation, The Food Industry Association and the National Federation of Independent Business.

Transparency and accountability are critical in restoring PBMs to their original roles of policing the supply chain and ensuring purchases are made as efficiently as possible, said Antonio Ciaccia, president of 3 Axis Advisors.

The importance of PBMs in reducing drug spending and offering programs to effectively match patients with the correct drug and dosage at the right time should not be minimized, said Dr. Nadina Rosier, chief product officer and general manager of pharmaceutical solutions at Health Transformation Alliance.

However, there is a significant conflict of interest in the fact that PBMs make money from the transactions they were hired to control, Ciaccia said.

This becomes an issue when the list price rebate given to PBMs in exchange for formulary coverage does not get passed on to discount the product's price for pharmacies and patients, said Ted Okon, executive director of the Community Oncology Alliance.

Higher rebates given to PBMs on brand and specialty drugs may mean that manufacturers will increasingly [raise list prices](#) to cover costs, Okon said.

"Your PBM is kind of an arsonist and a firefighter at the same time," Ciaccia said. "They're using the rebating system as a mechanism to obtain larger discounts off list prices. But those discounts are creating an inflationary effect on those prices in the first place."

While the price of generic drugs has declined by 40% in recent years, brand-name drugs saw prices grow by 70% between 2014 and 2019, according to Express Scripts' [2020 Drug Trend Report](#).

PBMs believe the best way to combat high manufacturer prices is by having greater competition for brand-name drugs with more generics and biosimilars on the market, said Greg Lopes, assistant vice president of public affairs at the Pharmaceutical Care Management Association.

Lopes said while PBMs support increased transparency in ways that are meaningful to patients and insurers in their decision-making, they fear transparency could allow manufacturers to view rebate rates and negotiate for lower refunds.

"Any group or coalition trying to create distrust in pharmacy benefit managers is not only inaccurate and misleading, but it does absolutely nothing to lower prescription drug costs," Lopes said. "In fact, it probably does the opposite. And that's not right for patients."

Hoey said some practices the Coalition for PBM Reform wants to prevent are formulary selection where PBMs offer manufacturers product coverage [for a large rebate](#), spread pricing, when the PBM charges the plan sponsor for more than it pays the pharmacy, and steering, where PBMs refer patients back to their own pharmacies.

Because most PBMs have [consolidated and vertically integrated](#) with leading insurers, Okon said they hold a near monopoly on prescription drug net pricing for pharmacies and patients.

The country's three largest PBMs control nearly 80% of total market share, according to [a 2021 study](#) by Health Industries Research Companies.

CVS Caremark, owned by CVS Health, leads the PBM market share, accounting for 34% of total adjusted claims in 2020. Express Scripts, owned by Cigna, claims 24%, and OptumRx, a subsidiary of UnitedHealth, has 21% of the market share.

In addition, Ciaccia said all three organizations have formed their own group purchasing organizations, known as rebate aggregators, where several PBMs negotiate with drug manufacturers to receive even larger rebates before the concessions make their way down to the PBM level.

To try and improve transparency, Rosier said plan sponsors and employers can communicate with PBMs about benefit design, and create contracts stating that rebates and administrative fees will be passed through.

Setting up point of service rebates are one way for price concessions to go directly to lowering patient prescription costs at a pharmacy's point of sale, she said.

"How do you structure your vendors as well as your plan design and your coverage, so that it provides those patients with the best drug clinically, at the lowest cost, with the most convenient site to get care," Rosier said.