The Most Important Player in the Prescription Drug Market You Never Knew Existed

How Pharmacy Benefit Managers Affect Drug Pricing and Access to Treatment

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How We Got Here…

- CSRO learned about PBMs almost a year ago when Keith Bradbury gave a talk to CSRO Board.
- After digging further into the issue, CSRO was shocked at what was going on, so decided to make PBMs a priority issue for 2017.
- Joined together with other patient and provider organizations to form an Alliance to address PBMs.

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What is a PBM?

- Hired by Health Plans to manage prescription drug benefit programs and provide other services pursuant to negotiated contract.
- Act as intermediaries between Health Plans, Manufacturers, and Pharmacies.
- Develop formularies and determine patient access to drug therapies.

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SOURCES: Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Compliant, Burnett v. Express Scripts, No. 16-cv-04948 (S.D.N.Y. June 6, 2016), https://www.bloomberglaw.com/public/desktop/document/Burnett_et_al_v_Express_Scripts_Inc_et_al_Docket_No_116cv04948_SD?1483629860.

What is Their Role?

- Initial purpose 1960s-1970s: purely administrative.
- As drug costs continued to rise, PBMs offered services that promised Health Plans less expensive drug programs and lower costs.
- Now handle everything from negotiating prices with Manufacturers to creating pharmacy networks to determining which drugs are covered by which plans.

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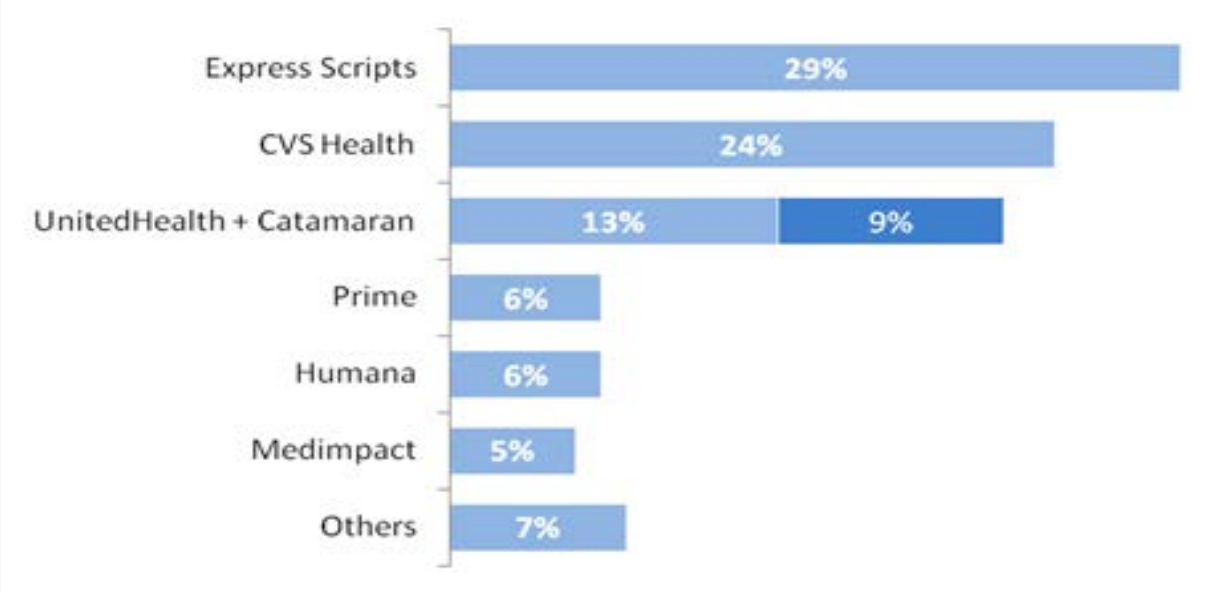
SOURCES: Britschgi C. Pharmacy benefit managers could be in legislative crosshairs. Watchdog.org. http://watchdog.org/285187/pharmacy-benefit-managers-legislative-crosshairs/. January 3, 2017. Accessed January 10, 2017. Kingery A. The basics of pharmacy benefits management (PBM) 2009. Oral presentation at: Virginia CE Forum. https://www11.anthem.com/shared/va/f5/s1/t0/pw_b135247.pdf; Compliant, Burnett v. Express Scripts, No. 16-cv-04948 (S.D.N.Y. June 6, 2016), https://www.bloomberglaw.com/public/desktop/document/Burnett_et_al_v_Express_Scripts_Inc_et_al_Docket_No_116cv04948_SD?1483629860.

Who are the PBMs?

PBM Market Share by Total Prescription Claims in 2015, *Forbes*



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SOURCE: Insurance companies start to bring PBM in-house: CVS Health's PBM business could be under threat. *Forbes*. July 28, 2015. http://www.forbes.com/sites/greatspeculations/2015/07/28/insurance-companies-start-to-bring-pbm-in-house-cvs-healths-pbm-business-could-be-under-threat/#69b4f3d23df2. Accessed January 10, 2017.

Who are the PBMs?

- Express Scripts (ESI), CVS, and UnitedHealth capture over 70% of PBM market share.
- ESI Revenue in 2015: **$101.85 billion**.
- In March 2015, UnitedHealth Group (3rd largest PBM) acquired Catamaran (4th largest PBM), increasing the PBM market concentration.

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SOURCES: Insurance companies start to bring PBM in-house: CVS Health's PBM business could be under threat. *Forbes*. July 28, 2015. http://www.forbes.com/sites/greatspeculations/2015/07/28/insurance-companies-start-to-bring-pbm-in-house-cvs-healths-pbm-business-could-be-under-threat/#69b4f3d23df2. Accessed January 10, 2017; Britschgi C. Pharmacy benefit managers could be in legislative crosshairs. Watchdog.org. http://watchdog.org/285187/pharmacy-benefit-managers-legislative-crosshairs/. January 3, 2017.

Breaking Down the Drug Industry

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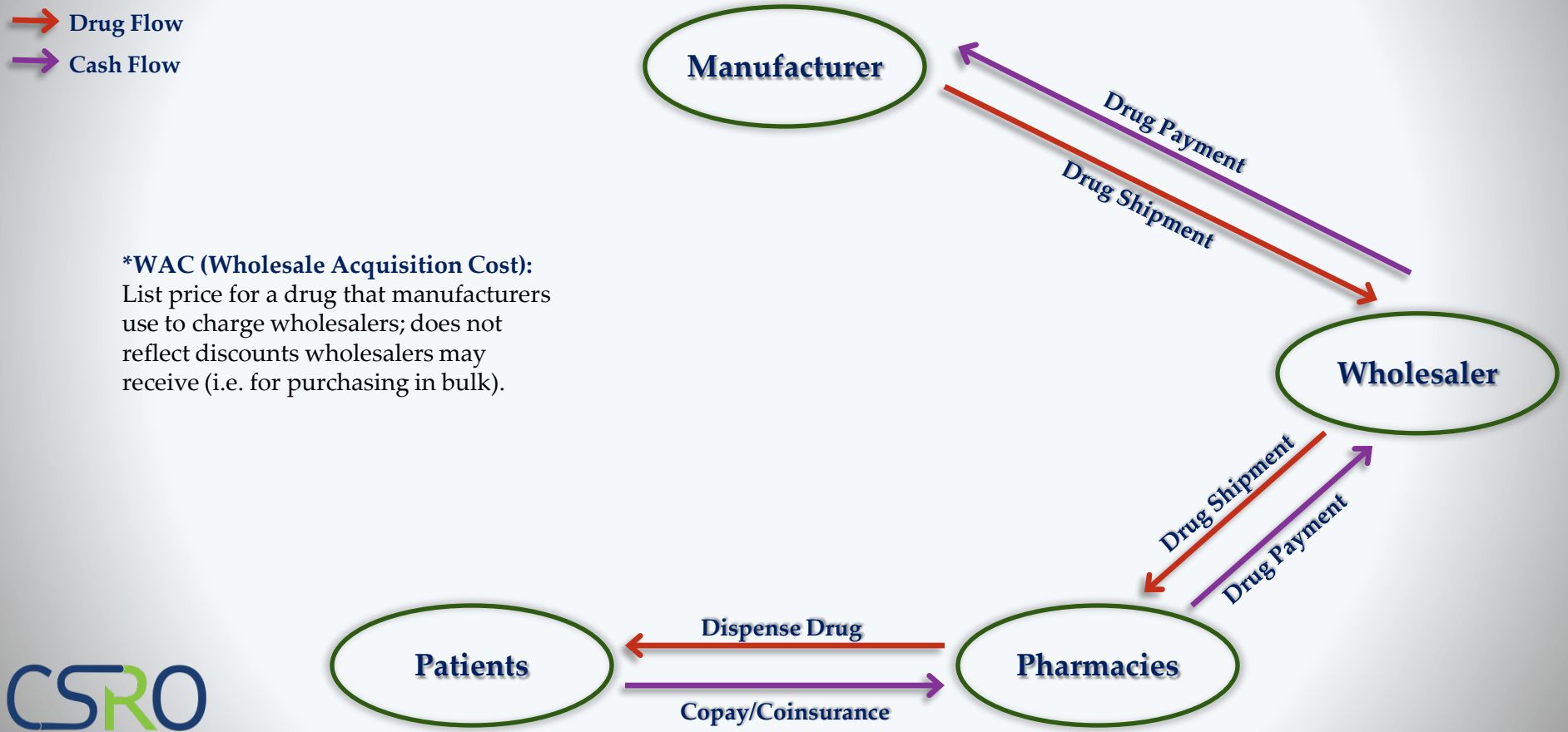
Who are the Industry Players?

1. **Drug Makers**
2. 3rd Party Payers
3. Pharmacy Benefit Managers (PBMs)
4. Prescribers
5. Patients

The Drug Supply Chain



***WAC (Wholesale Acquisition Cost):**
List price for a drug that manufacturers use to charge wholesalers; does not reflect discounts wholesalers may receive (i.e. for purchasing in bulk).

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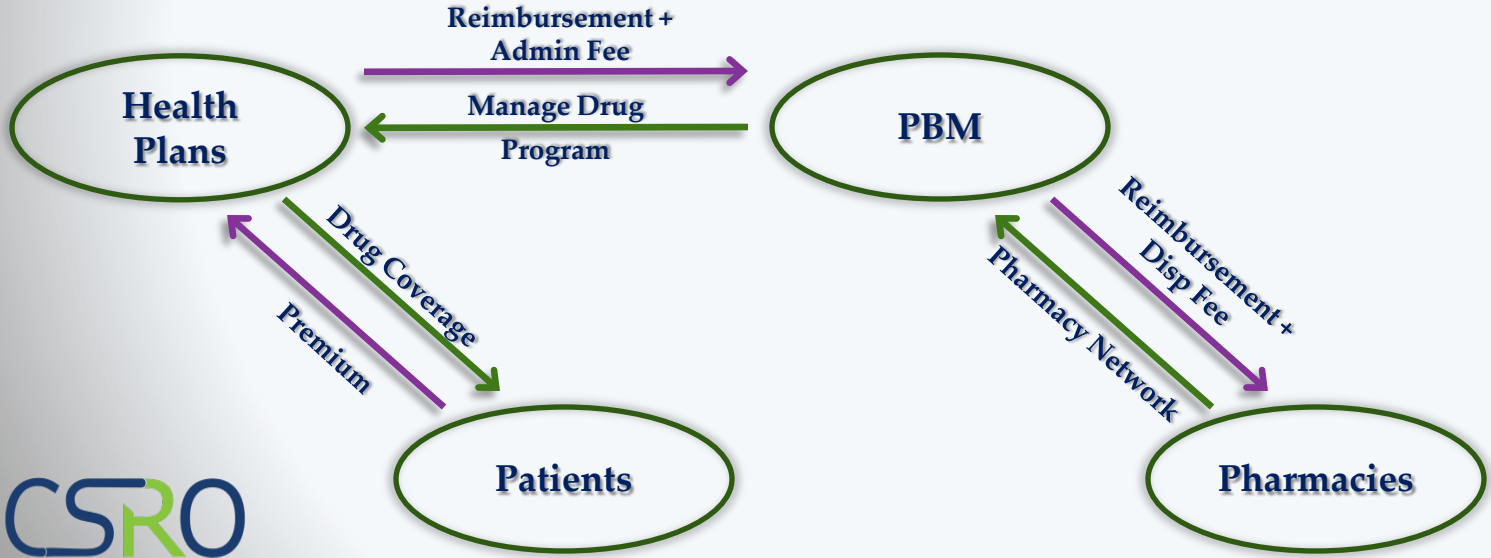
Drug Benefit Programs

Cash Flow

Services



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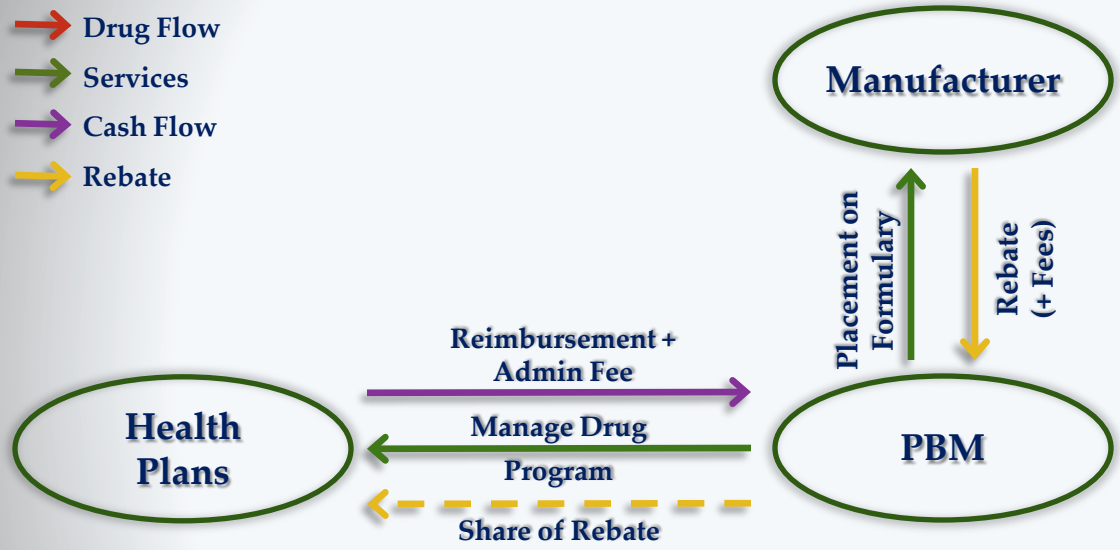
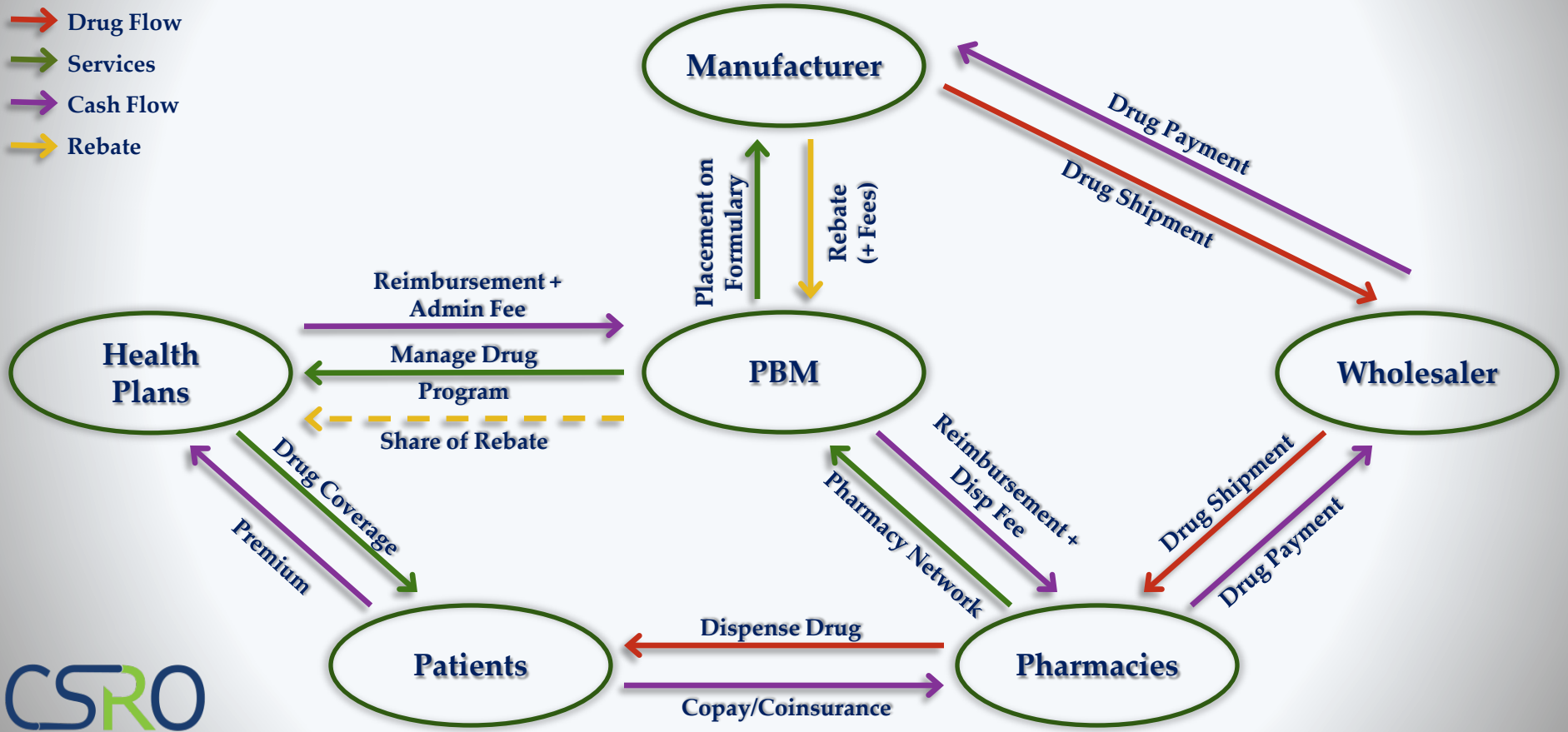
The Rebate System



Putting It All Together



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PBM Claims

- PBMs claim to drive down drug costs by:
  - Negotiating discounts for Health Plans and Patients.
  - Designing formularies and negotiating/obtaining rebates.
  - Increasing use of mail-order and specialty pharmacies.
  - Offering more affordable pharmacy channels.
  - Encouraging use of generics and affordable brands.
  - Managing high-cost specialty medications.

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SOURCES: PCMA. Policy & Issues: PBM Cost-Saving Tools. https://www.pcmanet.org/policy-issues/. Accessed January 10, 2017; Visante. Pharmacy benefit managers (PBMs): Generating savings for plan sponsors and consumers. https://www.pcmanet.org/wpcontent/uploads/2016/08/visante-pbm-savings-feb-2016.pdf. Published February 2016. Accessed January 10, 2017.

PBM Realities

- Use position to negotiate contracts with Manufacturers/Health Plans/Pharmacies that maximize profits at expense of Physicians and Patients.
- Sources of PBM Revenue/Profit:
  - Spread Pricing
  - Manufacturer Rebates
  - Mail-Order Pharmacies
  - Administrative and Service Fees

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Compliant, Boss v. CVS Health Corp., No. 2:17-cv-01823 (D.N.J. March 17, 2017), https://www.bloomberglaw.com/public/desktop/document/BOSS_et_al_v_CVS_Health_Corporation_et_al_Docket_No_217cv01823_DN?1496256418.

Spread Pricing

- Spread Pricing: Difference between what PBM charges a Health Plan for a certain drug and what it reimburses a Pharmacy for dispensing it.
- Pharmacies typically have no idea what Health Plans are paying for a drug and Health Plans don't know how much Pharmacies are reimbursed for dispensing it.

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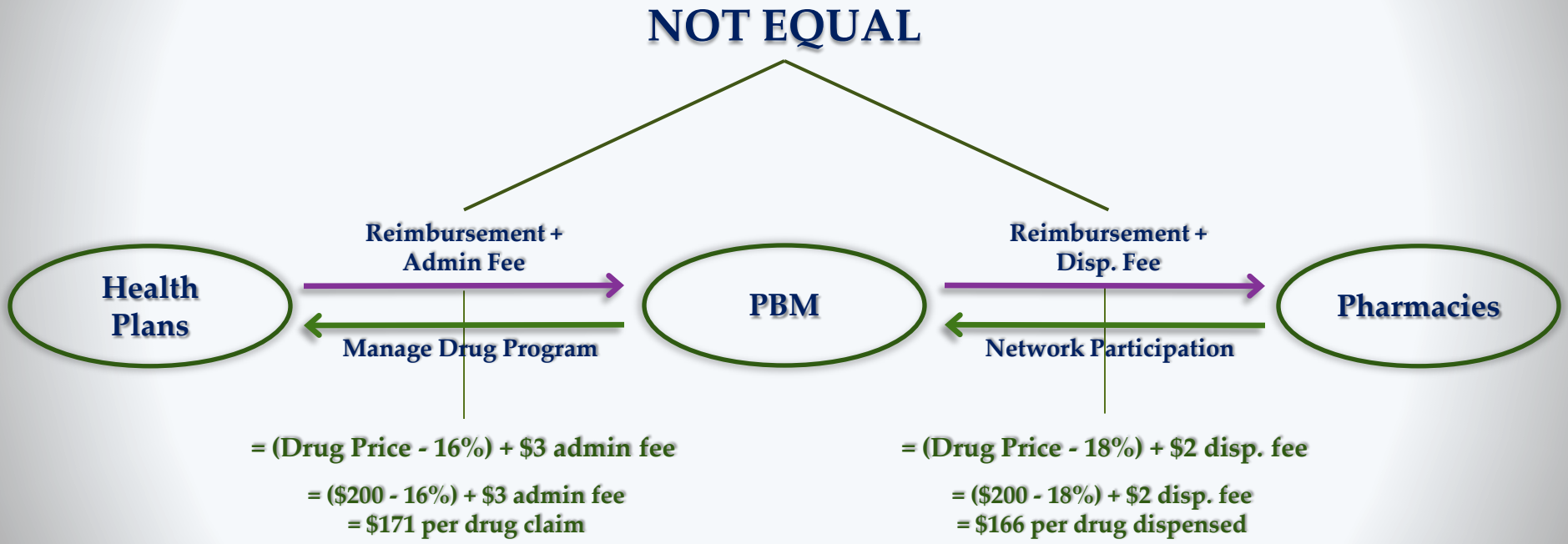
SOURCES: Clarity: PBM practices. National Community Pharmacists Association. http://www.pbmwatch.com/uploads/8/2/7/8/8278205/ncpa_pbm_practices_that_drive_up_costs.pptx. Accessed January 10, 2017; FisherBroyles. PBMs and drug pricing: Congress and major U.S. employers start to unravel the hidden pricing mechanisms of PBMs. Lexology. http://www.lexology.com/library/detail.aspx?g=2ae6941d-65a0-4ce1-a7ad-b2031f9a4764. September 16, 2016; Spread pricing: marking up drug claims. National Community Pharmacists Association. http://www.ncpanet.org/advocacy/pbm-resources/spread-pricing---marking-up-drug-claims. Accessed January 10, 2017.

Spread Pricing



PBM pockets $5 every time that drug is dispensed as pure profit.

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Spread Pricing Example:
Meridian Health Systems

- Meridian Health contracted with ESI in 2008 to manage its drug benefit program.
- Meridian cross-referenced what ESI was billing for prescriptions against what ESI was reimbursing its pharmacies for the same drugs.
- Found that ESI was collecting a spread on almost every prescription, sometimes in excess of $60.

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SOURCES: Spread pricing: marking up drug claims. National Community Pharmacists Association. http://www.ncpanet.org/advocacy/pbm-resources/spread-pricing---marking-up-drug-claims. Accessed January 10, 2017.; Britschgi C. Pharmacy benefit managers could be in legislative crosshairs. Watchdog.org. http://watchdog.org/285187/pharmacy-benefit-managers-legislative-crosshairs/. Published January 3, 2017. Accessed January 10, 2017.

Spread Pricing Example:
Generic Drugs and MAC Lists

- Maximum Allowable Cost (MAC) Lists: PBM-generated list of maximum reimbursement amounts for generic drugs.
  - PBMs decide what drugs are on what MAC lists.
  - Generate spread by using different MAC lists to reimburse Pharmacies and bill Insurers.
- Largest Source of PBM Revenue: Spreads for Generic Drugs
  - Lots of state legislation that requires disclosure of MAC lists.

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SOURCES: FisherBroyles. PBMs and drug pricing: Congress and major U.S. employers start to unravel the hidden pricing mechanisms of PBMs. Lexology. http://www.lexology.com/library/detail.aspx?g=2ae6941d-65a0-4ce1-a7ad-b2031f9a4764. Published September 16, 2016. Accessed January 10, 2017; South Carolina Pharmacy Association. About the MAC transparency legislation. http://www.scrx.org/assets/legday/mac%20attachment%20for%20letter.pdf. Accessed January 10, 2017; Balto D. Vermont H. 97. http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Health%20and%20Welfare/Committee%20Bill-%20Health%20Care/Pharmacy%20Benefit%20Managers%20(PBMs)/W~David%20Balto~PBM%20Presentation~2-26-2015.pdf. Published 2016.

The Rebate System

- **Rebate**: A retroactive discount paid in a lump sum by a Manufacturer to a PBM in exchange for preferred placement on PBM formulary.
  - A Manufacturer promises to pay to the PBM a percentage rebate (of the cost of the drug) for every prescription of their drug that is filled.
- Rebate amount is negotiated percentage off list price.
  - REBATE TOTAL = % rebate promised x cost of the drug (List Price) x the # of scripts that are filled (Market share).
  - Important variables are cost of the drug, market share and % rebate promised; an increase in any of these leads to a better chance of preferred status.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Compliant, Boss v. CVS Health Corp., No. 2:17-cv-01823 (D.N.J. March 17, 2017), https://www.bloomberglaw.com/public/desktop/document/BOSS_et_al_v_CVS_Health_Corporation_et_al_Docket_No_217cv01823_DN?1496256418.

The Rebate System

- Every year drug manufacturers compete to get a preferred place on the formularies of PBMs.
- Motivates PBMs to base drug utilization on rebates (aka profits) rather than patient care or reducing drug costs.
  - Efficacy and patient safety not as important in determining which drugs get preferred status as rebate amount.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Compliant, Boss v. CVS Health Corp., No. 2:17-cv-01823 (D.N.J. March 17, 2017), https://www.bloomberglaw.com/public/desktop/document/BOSS_et_al_v_CVS_Health_Corporation_et_al_Docket_No_217cv01823_DN?1496256418.

Consequences of The Rebate System

- Rebate system gives PBMs strong financial incentives when designing/managing formularies.
  - Has profound effect on patient access to affordable treatment.
- Leads to practices like step therapy, non-medical switching, etc.
  - Step Edits: Must step through the most profitable medications to the PBM first; as the biologic market gets more medications with different mechanisms of actions, we are still asked to step through as many as 3 drugs with the same MOA.
  - Non-Medical Switching: Rebate contract could change from year to year, patients are asked to "consider asking your physician to choose a less expensive alternative" Stable patients forced to change medications because of a more profitable contract with a different manufacturer.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure. https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; PhRMA. Commercially-insured patients pay undiscounted list prices for one in five brand prescriptions, accounting for half of out-of-pocket spending on brand medicines. http://www.phrma.org/press-release/new-data-show-more-than-half-of-patients-out-of-pocket-spending-for-brand-medicines-is-based-on-list-price. Published March 2017.

Consequences of The Rebate System

- Negatively influences list prices.
  - The higher the list price, the higher the rebate – which increases the chances of getting on to the formulary.
- Patient cost-sharing obligations are based off list price, not rebated price, which forces patients to pay inflated out-of-pocket amount.
  - Patients with coinsurance/deductibles are forced to pay unfair amount for their prescriptions.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure. https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; PhRMA. Commercially-insured patients pay undiscounted list prices for one in five brand prescriptions, accounting for half of out-of-pocket spending on brand medicines. http://www.phrma.org/press-release/new-data-show-more-than-half-of-patients-out-of-pocket-spending-for-brand-medicines-is-based-on-list-price. Published March 2017.

The Rebate Argument

- PBMs cite ability to negotiate rebates as cost-reducing mechanism for Health Plans and Patients.
- BUT more rebates are being paid now more than ever and drug costs continue to rise.
  - Price protection/rebate percentage and price escalation fees actually make more money for the PBM if the price goes up.
  - Premiums are rising faster than ever – coinsurance and deductibles are higher as well.
- Rebates are not always passed back to Health Plans, even though many Plan-PBM contracts contain rebate terms.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017.

The Rebate Argument

- PBM only contractually obligated to pass on “rebate” as specifically defined in Health Plan contract.
- Health Plans do not know amount of rebates PBMs actually collect from Manufacturers.
  - PBMs exploit this non-transparency to “reclassify” rebates in Manufacturer contract as "fees."
  - Designating portion of rebate as “fee” etc. allows PBM to keep a large part of rebate as profit.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; see also Vandervelde A. and Blalock E. The pharmaceutical supply chain: Gross drug expenditures realized by stakeholders. Berkeley Research Group. http://www.thinkbrg.com/assets/htmldocuments/Vandervelde_PhRMA-January-2017_WEB-FINAL.pdf. Published January 2017.

The Rebate System: Bottom Line

- Rebate system motivates PBMs to base drug utilization on rebates (aka profits) rather than patient needs or reducing drug costs.
  - Conflict of interest.
- The savings from these rebates and fees never seem to trickle down to the patient and often not even to the 3rd party payer
- The result is restrictive formularies with multiple step edits that often do not make sense, non-medical switching and higher prices.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure. https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Barlas S. Employers and drugstores press for pbm transparency: A Labor Department Advisory Committee has recommended changes. Pharmacy and Therapeutics. 2015;40(3):206-208. Published January 3, 2017. Accessed January 10, 2017; Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Balto D. Vermont H. 97. http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Health%20and%20Welfare/Committee%20Bill%20Health%20Care/Pharmacy%20Benefit%20Managers%20(PBMs)/W~David%20Balto~PBM%20Presentation~2-26-2015.pdf. Published 2016.

The Transparency Problem

- Lack of Transparency = Unfair Pricing Practices by PBMs Designed to Increase Profits
- Without transparency, extremely difficult to determine PBM revenue sources and amounts.
  - PBMs do not disclose Pharmacy and Manufacturer contract terms to Health Plans, making it much harder for Health Plans to monitor and address drug pricing.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure. https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Barlas S. Employers and drugstores press for pbm transparency: A Labor Department Advisory Committee has recommended changes. Pharmacy and Therapeutics. 2015;40(3):206-208. Published January 3, 2017. Accessed January 10, 2017; Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Balto D. Vermont H. 97. http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Health%20and%20Welfare/Committee%20Bill%20Health%20Care/Pharmacy%20Benefit%20Managers%20(PBMs)/W~David%20Balto~PBM%20Presentation~2-26-2015.pdf. Published 2016.

PBM Position on Transparency

Quote from Steve Miller, Chief Medical Officer, Express Scripts:

- "We love transparency for our patients. Our patients should know exactly what they're going to pay when they go to the pharmacy counter."
  - We just don't want them to know what we ultimately paid for the drug – because their coinsurance may be based on a higher price!
- "We love transparency for our clients—they can come in. They can audit their contracts. They know exactly what they're going to be required to pay."
  - We just don't want them to know the profit we are making on rebated drugs because we don't always pass those rebates/fees back to them.
- "What we don't want is transparency for our competitors."
  - And sometimes we don't want it for our patients and our clients either.

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SOURCE: Lopez L. These companies you've never heard of are about to incite another massive drug price outrage. Business Insider. September 12, 2016. http://www.businessinsider.com/scrutiny-express-scripts-pbms-drug-price-fury-2016-9. Accessed January 10, 2017.

The Transparency Problem

"Let's never forget that the public's desire for transparency has to be balanced by our need for concealment."

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Is There a Solution?

- Rebates are mandatory now if you want preferred status.
- No exclusivity but all are discounted and open to be used.
- Outcomes would be easier to compare if prescribers can use the drug that they think is best for the patient.
- Transparency on discounted pricing would allow prescribers to see exactly how much each medication would cost.
- Efficacy, safety and price.

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SOURCES: ERISA Advisory Council. PBM Compensation and Fee Disclosure. https://www.dol.gov/sites/default/files/ebsa/about-ebsa/about-us/erisa-advisory-council/2014ACreport1.pdf. Published November 2014. Barlas S. Employers and drugstores press for pbm transparency: A Labor Department Advisory Committee has recommended changes. Pharmacy and Therapeutics. 2015;40(3):206-208. Published January 3, 2017. Accessed January 10, 2017; Eickelberg HC. The prescription drug supply chain black box: How it works and why you should care. American Health Policy Institute. http://www.americanhealthpolicy.org/Content/documents/resources/December%202015_AHPI%20Study_Understanding_the_Pharma_Black_Box.pdf. Published 2015. Accessed January 10, 2017; Balto D. Vermont H. 97. http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Health%20and%20Welfare/Committee%20Bill%20Health%20Care/Pharmacy%20Benefit%20Managers%20(PBMs)/W~David%20Balto~PBM%20Presentation~2-26-2015.pdf. Published 2016.

Federal Legislation

- S. 637: “Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act of 2017”
  - Introduced by Sen. Ron Wyden (D-OR) on March 15, 2017.
  - Would require PBMs to publicly disclose information regarding amount of rebates received from manufacturers and percent that gets passed back to health plans.
  - Would establish, following initial 2-year reporting period, a minimum percentage of rebates that PBMs would be required to pass onto insurers.
- H.R. 1316: “Prescription Drug Price Transparency Act”
  - Introduced by Rep. Doug Collins (R-GA-9) on March 2, 2017.
  - Targets transparency for MAC lists and PBM ownership interest in pharmacies.

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SOURCES: S. 637 – Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act of 2017. Congress.gov. https://www.congress.gov/bill/115th-congress/senate-bill/637?q=%7B%22search%22%3A%5B%22%5C%22pbm%5C%22%22%5D%7D&r=2. Accessed May 30, 2017; H.R.1316 - Prescription Drug Price Transparency Act. Congress.gov. https://www.congress.gov/bill/115th-congress/house-bill/1316?q=%7B%22search%22%3A%5B%22%5C%22pbm%5C%22%22%5D%7D&r=1. Accessed May 30, 2017; Ramsey L. A top Democrat has introduced a bill that could fight skyrocketing drug prices. Business Insider. March 15, 2017. http://www.businessinsider.com/ron-wyden-introduces-pharmacy-benefit-managers-transparency-bill-2017-3; Senior Care Pharmacy Coalition. National, Georgia LTC pharmacy leaders praise US reps. Doug Collins, Buddy Carter leadership in taking on unaccountable pharmacy benefit manager (PBM) drug pricing middlemen. PR Newswire. http://www.prnewswire.com/news-releases/national-georgia-ltc-pharmacy-leaders-praise-us-reps-doug-collins-buddy-carter-leadership-in-taking-on-unaccountable-pharmacy-benefit-manager-pbm-drug-pricing-middlemen-300427002.html. Published March 21, 2017.

Addressing PBMs in Other States

- California: AB 315 (Introduced on Feb. 6, 2017)
  - Requires PBMs to periodically disclose information relating to drug acquisition cost, rebates received from manufacturers, and rates negotiated with pharmacies, among other things.
- Connecticut: SB 925 (Introduced on Feb. 24, 2017)
  - Requires health plans to calculate coinsurance or deductible based on drug's actual "net drug cost" (taking into account all discounts/rebates).
  - Requires manufacturers to annually report the value of all drug price concessions provided to PBMs for each drug administered by PBM.

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SOURCES: AB-315 Pharmacy benefit management.. California Legislative Information. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB315. Accessed May 30, 2017; Substitute for Raised S.B. No. 925, Session Year 2017. Connecticut General Assembly. https://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&which_year=2017&bill_num=925. Accessed May 30, 2017.

Addressing PBMs in Other States

- Michigan: SB 287 (Introduced by on Mar. 30, 2017)
  - Requires PBMs to provide notice to patients, physicians, and participating pharmacies if PBM:
    - Makes/approves formulary change that causes a drug not to be covered.
    - Applies new/revised dose restriction that causes drug not to be covered.
    - Applies new/revised step therapy or prior authorization requirement that causes a drug not to be covered.
- Nebraska: LB 324 (Introduced on Jan. 12, 2017)
  - Requires PBMs to disclose all financial benefits received, including all rebates, discounts, or other payments, to contracting health plans.

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SOURCES: Senate Bill 0287 (2017). Michigan Legislature. https://www.legislature.mi.gov/(S(lfj1w3vnlrjz0lpwilm3sfrm))/mileg.aspx?page=GetObject&objectName=2017-SB-0287. Accessed May 30, 2017; LB324 - Adopt the Pharmacy Benefit Fairness and Transparency Act. Nebraska Legislature. http://nebraskalegislature.gov/bills/view_bill.php?DocumentID=30855. Accessed May 30, 2017.

So… Now What?

- First, take a breath, it's a lot to take in!
- Problem is now obvious, but effective solution is not.
- Education is key.
  - Shed a light on PBMs and drug market by educating patients, physicians, lawmakers, and general public.
- Legislative Advocacy
  - Federal, State, Both
  - Legislatively Mandated Transparency (sunlight is the best disinfectant).

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Fixing the Problem:
Alliance for Transparent & Affordable Prescriptions (ATAP)

- Coalition of patient and provider groups that joined forces to address PBMs and their impact on patient care.
- ATAP Mission: Reduce drug costs and ensure patient access to affordable treatment by regulating PBMs and reforming drug industry through education and federal/state advocacy initiatives.
- ATAP Activities
  - Federal: Hill visits, MedPAC, CMS, educate lawmakers/agency personnel.
  - State: FMA Resolution, state group membership, educate state lawmakers, work with state/county medical associations.
  - Media: Actively engaged in media outreach/monitoring, working with media outlets to get patient/physician voice front and center.

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ATAP Member Organizations

- CSRO
- American College of Rheumatology
- Global Healthy Living Foundation
- Rheumatology Nurses Society
- National Organization of Rheumatology Managers
- **Florida Society of Rheumatology**
- Association of Women in Rheumatology
- New York State Rheumatology Society
- California Rheumatology Alliance
- American Association of Clinical Urologists

Members from ATAP Attending Meeting with MedPAC on PBMs and the Rebate System.

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Finally, the End!

Questions??

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