

VOLUME 17 | ISSUE 4 | WINTER 2021

GUEST ARTICLE: KEENAN PHARMACY SERVICES



PBMs Targeted by Government to Lower Drug Prices

The debate continues to rage on between government officials, PBMs, Pharmaceutical Manufacturers, lobbyists, etc. as to who is to blame for skyrocketing prescription drug prices.

A consistent target is Pharmacy Benefit Managers (PBMs) who act as “middlemen” between pharma manufacturers and employer sponsored pharmacy benefit programs. There is a current campaign by lobbyists to influence Democrats to use money from current spending bills to reign in the high-cost Americans now spend on prescription drugs.

“Pretty much everyone in the supply chain is pointing at the PBMs right now,” said Karry La Violette, the senior vice president of government affairs at the National Community Pharmacists Association.¹

Two areas of PBM revenue that are being targeted include manufacturer rebates and spread pricing (the difference between what they charge pharmacies and employer groups). The PBM industry claims to be transparent with respect to their pricing models; however, there has been much debate over that statement.

Critics allege that PBMs’ role in negotiating rebates from pharmaceutical manufacturers and developing lists of prescription drugs that health insurers will cover encourages them to prioritize higher-cost medicines where they can reap larger rebates rather than focusing on drugs with lower costs. “Democrats are focused on lowering costs for patients — and that absolutely includes making sure pharmacy benefit managers are getting the best deal for patients not for themselves,” Sen. Patty Murray (D-Wa.) said in a statement.¹

The \$1.7 trillion spending bill recently passed by the House, includes provisions that require PBMs to disclose certain information to employer-based plans, aiming to help them negotiate better prices for drugs, but other industry lobbyists want Democrats to go much further, which could make Senate passage that much more complicated.

The PBMs will continue to claim their policies help lower prescription drug trend for their employer group clients while many on the consumer side of the fence will still point blame their way. In a business such as

60 West Broad St. • Suite 306 • Bethlehem, PA 18018 • P: 610-317-0130

Our affiliation with these national organizations is a value-added benefit for our members.



VOLUME 17 | ISSUE 4 | WINTER 2021

the pharmacy industry there is no one answer that will solve all the issues with high drug prices, but it is evident that PBMs will continue to be at the center of controversy as this issue plays out in Congress and in the marketplace.

LVBCH, in partnership with Keenan Pharmacy Services and USRx Care, offers our members an independent pharmacy clinical program outside of offerings by the employer's PBM that provides 10%-30% additional savings on specialty and non-specialty medications. The savings achieved by this program helps make up for much of the savings employers should be receiving from their PBM program. To hear more about this program, please contact Howard Mazzafrò at hmazzafro@keenan.com or at 310.903.6273 for more information.

Sources:

1. Politico, December 2021; Ire over pharmacy middlemen fuels lobbying blitz - POLITICO