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The *voice* of the
community
pharmacist.

PBMs and Their Role in Drug Costs

National Association of Nutrition and Aging Services Programs
(NANASP)

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Our mission

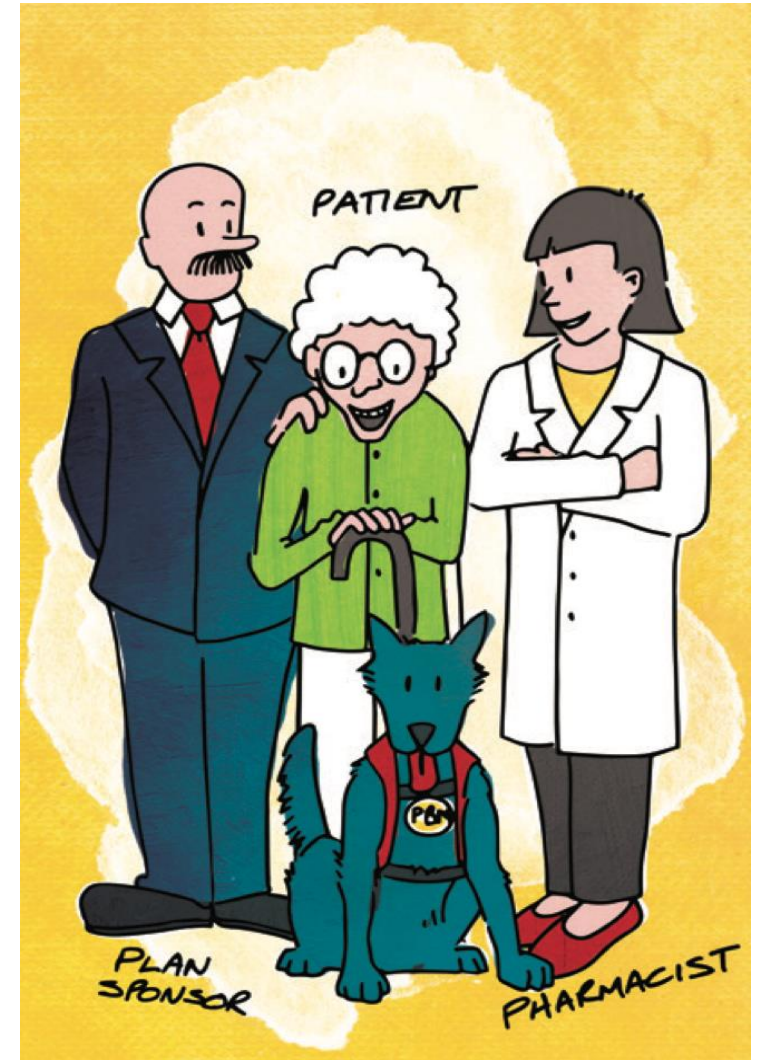
We deliver advocacy, connections and solutions that enable independent pharmacists to thrive.

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



Bristol-Myers Squibb



MERCK

abbvie

AstraZeneca 



NOVARTIS

GlaxoSmithKline





How PBMs Work

- 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





Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, Retail Pharmacies, Mail-Order Pharmacies and Providers, 2022



¹ In September 2022, CVS Health announced its acquisition of Signify Health. The transaction is expected to close in 2023.

² Since January 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AlliantRx Walgreens Prime for mail and specialty pharmacy services. On Dec. 31, 2021, Walgreens purchased Prime Therapeutics' 45% interest in AlliantRx Walgreens Prime, so this business has no PBM ownership in 2022. Effective June 2022, the company has been known as AlliantRx Walgreens Pharmacy.

³ In 2021, Centene has announced its intention to consolidate all of its PBM operations onto a single platform and outsource its PBM operations to an external company.

⁴ In 2020, Centene sold a majority stake in its U.S. Medical Management to a group of private equity firms.

⁵ Since 2020, Prime has sourced formulary rebates via Ascend Health Services. In 2021, Humana began sourcing formulary rebates via Ascend Health Services for its commercial plans.

⁶ Cigna also partners with providers via its Cigna Collaborative Care program.

⁷ In 2022, Humana announced an agreement to divest its majority interest in Kindred at Home's Hospice and Personal Care Divisions to Clayton, Dubler & Rice. In 2022, Kindred at Home was rebranded as CenterWell Home Health.

Sources: Drug Channels Institute research and Nephron. Companies are listed alphabetically by insurer name.

* CVS Pharmacy is owned by CVS/Caremark.



PBMs 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

PBMs 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*



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