

The Middlemen Getting Rich Off Your Prescriptions

Even when drug companies cut prices by over half, patients pay too much

by Dorothy Leone-Glasser, RN, HHC.

Pharmacy benefit managers (PBMs) are major contributors both to ballooning prescription drug prices and the lack of transparency around it.

Yet, if you're like many Americans, there's a good chance you've never heard of them.

Although they are not physicians, drug makers, insurers, or pharmacists, these companies play an outsized role in our healthcare system, making medical decisions including which prescription drugs you may take – and also how much you'll pay for them.

PBMs are hired by insurers to manage drug benefit programs. They negotiate discounts and rebates with pharmaceutical companies in exchange for preferred placement of drugs on the insurer's drug list or formulary. They are supposed to pass on these negotiated savings to patients; however, they take these rebates and fees with patients never receiving any savings.

We have no idea how large PBMs' profit margins are for the fees they charge because these negotiated discounts are kept secret. As a result, patients are paying high out of pocket costs that never reflect the actual lower cost of the drug.

In many cases, PBMs act as a triple-dipping middleman – taking payment from insurers, manufacturers, and pharmacies – driving up patient costs while making tens of billions of dollars in profits.

According to the White House Council of Economic Advisors, [three players make up 85 percent of the PBM market](#).

They operate largely without regulation, transparency, or accountability, and their shadowy, money-milking ways involve restricting patient access for prescriptions or imposing exorbitant costs.

PBMs are blocking affordable access to medications that save lives – including medications for cancer, diabetes, and heart disease.

Take the case of PCSK9 inhibitors, a new class of medications that can greatly reduce the risk of heart attack and stroke for up to 10 million patients with high cholesterol who do not respond sufficiently to statins.

PCSK9s are still relatively new, however, while statins have long been available as generics. They also have a higher price tag, reflecting the costly research and development required to bring them to market.

Because of PCSK9s' higher price, PBMs often do everything they can to reject them.

In 2017, [almost 3,200 Georgians had the PCSK9s prescribed by their doctor rejected by a PBM](#).

And because Medicare Part D plans initially classified PCSK9s as a specialty drug, patients were paying up to a third of the drug's list price rather than a fixed, affordable co-pay – prompting most Medicare patients to abandon their PCSK9 prescriptions.

This can have dire consequences. Those who are rejected or abandon their medication are [up to 21 percent more likely to suffer a heart attack or stroke](#).

Last year, to improve affordability for patients, the manufacturers of PCSK9s dropped their prices by an astounding 60 percent. Medicare responded by requiring Part D plans to remove PCSK9s from the specialty drug tier.

Yet, according to new research from Avalere Healthcare, many PBMs plans [have simply moved the drugs to Part Ds' "non-preferred" brand tier](#), which can be associated with even higher cost-sharing – up to half! – than the specialty tier.

As a result, up to 80 percent of Georgians on Medicare will still face substantial out of pocket costs for their PCSK9 prescription, despite the massive price drop.

Meanwhile, a major federal study published last month showed that [invasive procedures like stents or bypass surgery aren't any more effective at treating heart disease than drug therapies](#) like PCSK9s.

Under a rational market, we wouldn't pour billions of dollars each year into unnecessary, expensive and burdensome operations. Rather, we'd make as accessible as possible the drug therapies designed to avoid cardiac events and invasive surgeries in the first place.

But ours is not a rational market.

“Many Georgia Representatives, like Doug Collins and Buddy Carter are well aware of this fact. They've long been [vocal critics of PBMs](#). I applaud their leadership in the ongoing fight for federal oversight of PBMs nationwide.”

But seniors on Medicare who rely on PCSK9s need our help immediately. Medicare should require Part D plans and their PBMs to offer PCSK9s at affordable, fixed co-pays – not on a non-preferred tier with expensive cost sharing.

To manage the factors that drive the escalating out-of-pocket costs of prescription drugs we must demand transparency in drug pricing and in our drug distribution system.

We must also encourage the leadership of the members of the Georgia General Assembly as they contemplate legislation in the 2020 legislative to regulate PBMs right here in Georgia.

Bottom line: We'll have a better, more equitable and affordable prescription market when we reign in the middlemen profiteers and leave the practice of medicine to the medical professionals.

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