

2023 PAMED LEGISLATIVE PRIORITIES

Pharmacy Benefit Managers (PBM) accountability

The Pennsylvania Medical Society (PAMED) has long advocated for transparent competition among Pharmacy Benefit Managers (PBMs) and continues to work to address the ways PBMs profit at the expense of patients, employee health plans, and taxpayers.

PBMs are corporate intermediaries that manage the prescription drug formularies for public and private health insurers. With the control over which medicines will be covered by health insurance plans and how much patients will pay for them; the marketplace often pays more than necessary for prescriptions.

PAMED policy supports evidence-based collaborative policy to address drug shortages and drug prices and calls on PAMED to advocate for effective implementation of legislation to prohibit pharmacist gag clauses.

Key Items:

- PBMs used to act as a means to negotiate drug prices for patients but now act more as an insurance barrier – making coverage decisions and determining medical necessity.
- According to a study by the American Medical Association, based on 2020 data from the commercial insurance market, the study found that the 10 largest PBMs share 97% of the rebate negotiation market, 6 of them are exclusive to an insurer.
- In 2019, the Pennsylvania auditor general found that, based on Department of Human Services data, Pennsylvania taxpayers paid \$2.86 billion to PBMs for Medicaid enrollees in 2017 – an increase of more than 100 percent in four years.
- PBMs can negotiate the increase in price of prescription drugs without transparency as to why a price has increased when the ingredients tend to stay the same.
- Regulators should better understand and control the costs to patients and systems that are resulting from PBM practices.
- These barriers could negatively impact access to medications, patient outcomes, and the physician-patient relationship.
 - o Prescription drug price increases can lead some patients to not be able to afford critical medicine, skip doses or split pills, or abandon treatment altogether.



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