

What's the Problem with PBMs?

★ WHAT IS A PBM?

PBM stands for pharmacy benefits manager. They serve as middlemen between insurance companies or employers and pharmacies. They manage prescription coverage for health plans across the country. The big three are CVS Caremark, Optum (owned by United Healthcare), and Express Scripts (owned by Cigna).

★ WHAT ARE THE PROBLEMS WITH PBMs AS THEY RELATE TO PATIENTS, EMPLOYERS, AND PHARMACIES?

PBMs are not healthcare providers and often put profits over patients. **Patients** face high out-of-pocket costs, limited drug choices, confusing prices, and barriers to access. For **employers**, PBMs lack of transparency creates issues with increased drug costs, limited leverage, and the administrative burden of complicated contracts. For **pharmacies**, PBMs not only own the competition but also write the contracts pharmacies must sign to do business. Pharmacies face low reimbursement rates that are unsustainable, limited negotiating power, and contractual gag clauses that prohibit them from being truthful with their patients about drug costs and availability.

★ WHY THE 'FREE MARKET' ARGUMENT DOESN'T WORK IN THIS SCENARIO.

The free market does not exist within prescription benefits and three PBMs control more than 80 percent of all prescriptions. A pharmacist cannot simply charge a patient more for the services provided. PBM-affiliated pharmacies have an unfair advantage over local community pharmacies.

★ WHAT HAS CONGRESS PROPOSED TO ADDRESS PBMs? AND HAVE OTHER STATES DONE ANYTHING SUCCESSFULLY TO ADDRESS THEM?

PBMs have come under fire by both Congress and the FTC but nothing has been accomplished. Almost every state has addressed the PBM issue but only four states have successfully addressed adequate reimbursement to maintain access to care.

★ WHAT DID THE 2024 LEGISLATION IN ALABAMA OFFER?

The FAIR Meds act in 2024 addressed many of the issues that would allow patients continued access to their local pharmacies including adequate reimbursement, transparency, reduction in fees, capping Rx costs, and better enforcement of existing statute.

★ WHAT WILL LEGISLATION IN 2025 NEED TO INCLUDE TO ADDRESS THE REAL ISSUES?

A bill in 2025 should address access by requiring PBMs to cover the cost of dispensing on covered meds while capping the total cost of a prescription. It should add transparency, restrict fees being charged to pharmacies by PBMs, and *should prevent costs from being passed to patients through increased copays or cost share*. Any 2025 legislation should also prevent PBMs from overcharging employers on prescriptions filled through any mail order or specialty pharmacies owned by a PBM.

