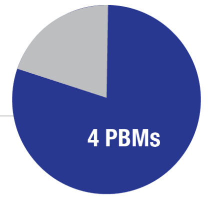
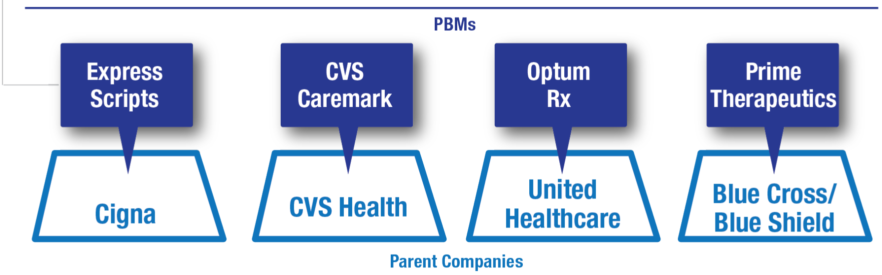
PBMs Drive Up Costs and Hurt Small Businesses



Prescription Drug Market

4 pharmacy benefit managers (PBMs) control about **80%** of the prescription drug market.

And they're all owned by huge insurers or chain drug stores. These largely unaccountable companies manipulate the market in ways that drive up prescription drug costs for consumers and make it difficult for small community pharmacies across Texas to compete.



PBMs have far outgrown their original purpose

- Pharmacy Benefit Managers (PBMs) are middlemen between insurers and pharmacies.
- PBMs were created decades ago to simply process prescription drug claims.
- Today, PBMs administer benefits, negotiate with prescription drug manufacturers over rebates costs, and oversee reimbursements to pharmacies.
- PBMs control the pharmacy benefits of more than 253 million Americans, but they're subject to little oversight and their business practices are shrouded in secrecy.

PBMs drive up patient costs

- PBMs often force consumers to buy meds from pharmacies that those PBMs own.
- Drug manufacturers give PBMs rebates if the PBM covers the manufacturer's drug -- giving PBMs incentive to take less expensive medicines out of the formulary.
- Drug companies give PBMs an additional discount (kickback) for putting their preferred drug on an insurer's formulary.
- Some PBMs set the drug copays at higher prices than the actual cost of the drug.

Out-of-state PBMs are hurting Texas small businesses

- Texas has 1,600 independent pharmacies with 15,000 full-time employees.
- The failure of PBMs to properly reimburse pharmacies – especially those excluded from PBM networks – makes it difficult for small pharmacies to compete.

Many states are taking action to protect consumers from PBMs' practices

- West Virginia saved $30 million per year by cutting PBMs out of the state's Medicaid program.
- Arkansas passed a law requiring state insurance regulators to license PBMs.
- Ohio audited CVS and OptumRx and found they kept $224 million through "spread pricing," in which PBMs keep the difference between what they bill insurers and what they pay pharmacies.

The Alliance of Independent Pharmacists of Texas (Alliance) is a statewide nonprofit professional organization, representing more than 700 pharmacy owners, whose mission is to ensure the economic viability and security of community independent and compounding pharmacists in Texas. For more information, visit www.aiptexas.org or call (512) 260-7986.