Official Newsjournal of the Illinois Council of Health-System Pharmacists

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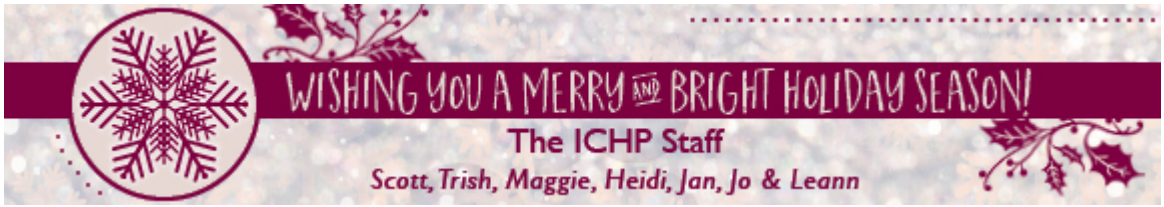

Directly Speaking
PBMs: Are They the Enemy Within?

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by Scott A. Meyers, Executive Vice President

When Pharmacy Benefit Management organizations (PBMs) first came about, they were all about saving employers money on pharmacy charges for their employees. It was a new idea but I believe it was not well thought out. Today, PBMs seem to be the enemy of pharmacy, the deceivers of those very employers they originally set out to help and the bane of many employees! I'm sure there are still pharmacists who work in managed care who are trying to help all of the above, but my faith in there being large numbers of them is horribly small! (And before I go any further, let me share that most health-system pharmacists don't have to deal with PBMs and their contracts, restrictions and lack of transparency so this column is written more to inform than sympathize.)

Let me share a couple of examples I recently discovered. The first came to me from a cousin who recently retired from a Fortune 500 corporation as their Senior VP of HR. He told of a high ranking executive with the company who contacted my cousin, even though he had retired, after he had developed Non-Hodgkin Lymphoma and was treated at M.D. Anderson in Houston, a world-renown cancer treatment center. He was prescribed one medication but his PBM rejected it and, in place, used a second relatively new medication that the executive discovered cost 5-10 times that of the first. He and my cousin were both puzzled as to why the PBM, hired to help them save money, would allow a much more expensive drug compared to the one prescribed by the specialist at such a prestigious institution. Unfortunately, I explained that the rebate to the PBM was most likely higher for the second choice and that a question to the PBM would be appropriate. I haven't heard back to see if the PBM responded.

The second story comes from one of my friends in the community pharmacy world. Very few health-system pharmacists I've spoken with are aware of DIR fees (Direct and Indirect Remuneration fees) or how something that was originally designed for fairness has gotten so corrupted, so here's the scoop. Originally, DIR fees were a way for CMS and other payers to recoup rebates paid to PBMs by pharmaceutical manufacturers. Now many PBM contracts contain language regarding DIR fees that require pharmacies to charge the patient a full co-pay on all prescriptions even if the cash price is less! Then the PBM comes back to the pharmacy and claws back (community pharmacy's term, I believe but it makes sense when you hear the whole story!) the difference between the co-pay and the cash price as one of their DIR fees! What is even more appalling in this case, is that the PBM contract prohibits the

pharmacist from telling the patient that the cash price is less than the co-pay unless the patient or their agent actually asks! My question is, how much of these fees does the PBM share with the employer that hires them?

Finally, if you think about the current health insurance system in general, you can see a dichotomy that exists with the PBM controlling outcomes where failure, like re-hospitalization, costs them nothing while costing the health plan they are paired with everything. The incentive for successful medication therapy outcomes doesn't appear to be much of a factor! Maybe I'm wrong on this issue, but nothing I've seen demonstrates the contrary.

In Illinois, PBMs are not regulated or monitored and barely even registered. This has to change. Illinois employers do not really know what they are or could be saving! Patients who are provided PBM coverage often don't realize that they could have other choices. Pharmacies and pharmacists have their hands tied and are often forced to do extensive work on the PBM's behalf and without proper reimbursement.

We need strong regulation of an industry that is now more focused on profits than on savings, on rebates rather than outcomes and on claw backs rather than caring. The worst part of this problem is that many pharmacists work at the center of PBMs and have done little to prevent it. Transparency is a good thing, especially in health care. After all, we are dealing with human life. As health care costs continue to rise, every chance for costs savings is important. And amassing large profits for PBMs at the expense of the employer and/or patient doesn't seem to be fair, ethical or even legal.

The Illinois Pharmacists Association will be leading the effort this next year as they have in the past and ICHP will join them in their efforts. The Illinois Retails Merchants Association may be conflicted on this issue as one or more of their members own very sizable PBMs themselves while all of their pharmacy members have to deal with these unregulated entities. So it will be interesting to see how their participation will play out. Regardless, it is time for pharmacy to step up and demand transparency and fairness from all the players!

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