



# Pharmacy Benefit Managers (PBMs)

**Helping Consumers Access  
Affordable Medication**

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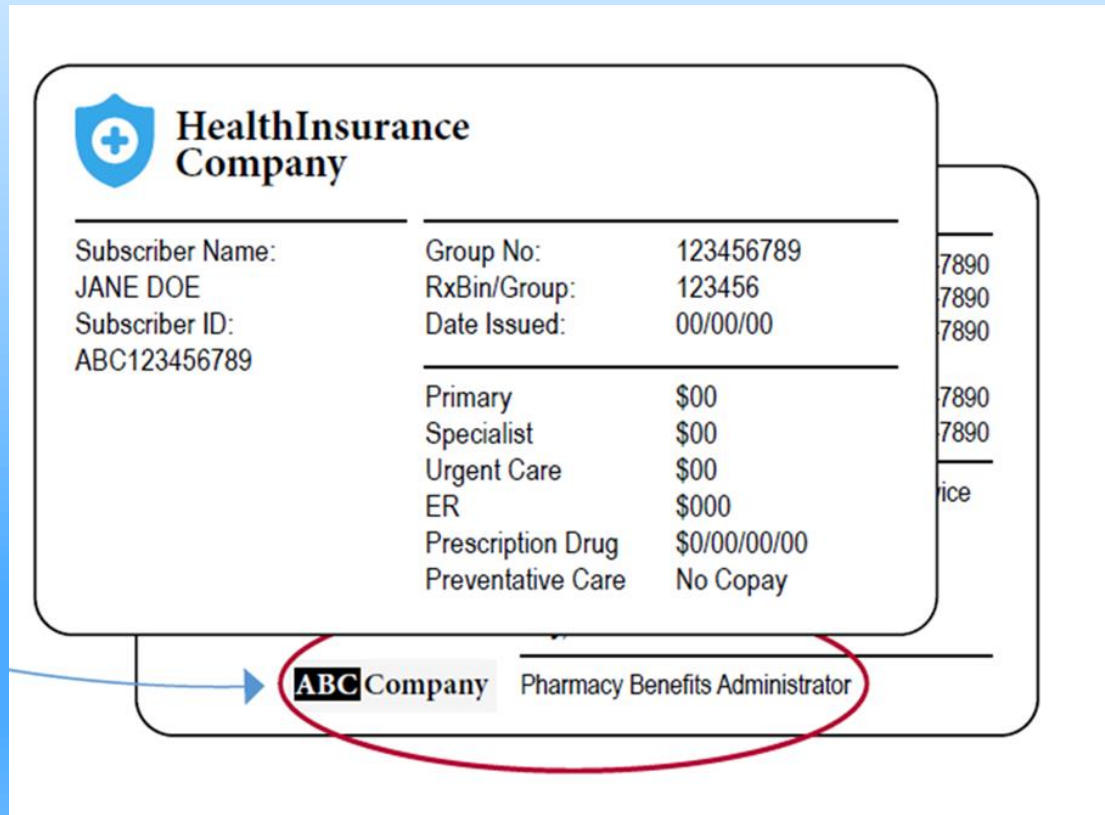
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Interim Joint Committee on Health Services

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(PCMA)

# What is a PBM?

- PBM administers the prescription drug portion of the health care benefit.



# Pharmacy Benefit Management Services



Claims Processing



Price, Discount and Rebate Negotiations with Pharmaceutical Manufacturers and Drugstores



Formulary Management



Pharmacy Networks



Mail-service Pharmacy



Specialty Pharmacy



Drug Utilization Review



Disease Management and Adherence Initiatives

# Who Are PCMA Members?

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# PBM Marketplace Is Highly Competitive

The PBM market is dynamic, diverse, and continues to grow. As of March 2023, there are:

**73** full-service PBMs & **6** new full-service PBMs since 2021

Creating a varied and competitive marketplace

PBM business models vary, but in general, they do the following:

Secure prescription drug savings for employers and other health plan sponsors, patients, and taxpayers.



Provide health plan sponsors a range of choices for quality prescription drug coverage.

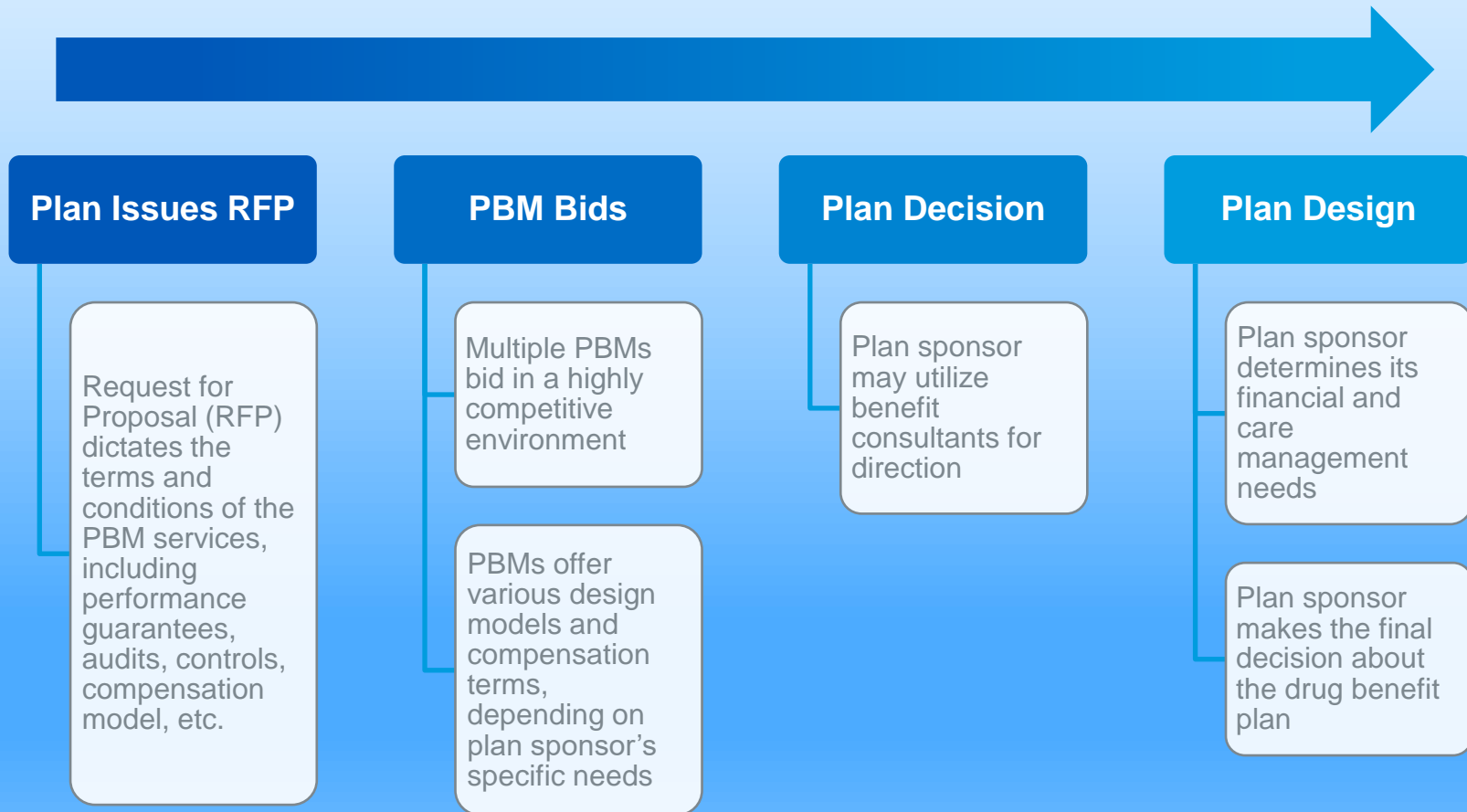
Enable better health outcomes for patients by supporting patient safety and drug adherence through clinical programs and technology.

Visante, "The Return on Investment (ROI) on PBM Services," 2023. Source: PSG Analysis, 2023. PBMs in this analysis offer only full range services.

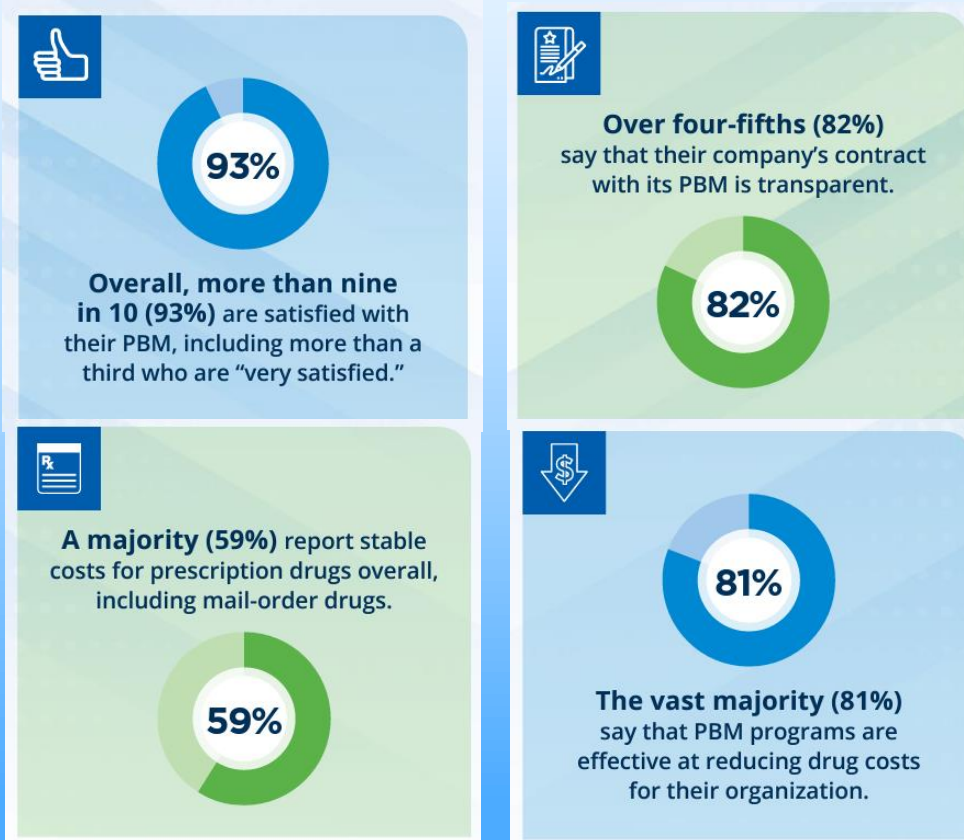
# Who Are PBM Clients?



# The Plan Sponsor RFP Process



# Employers Are Overwhelmingly Satisfied With Their PBMs



Methodology: The national survey was conducted online by North Star Opinion Research between June 4–9, 2020 consisting of 250 respondents drawn from a list of benefit managers and human resources directors who work for companies with 1,000 or more employees, have at least 1,000 individuals under coverage, and have an annual drug spend of over one-million dollars.



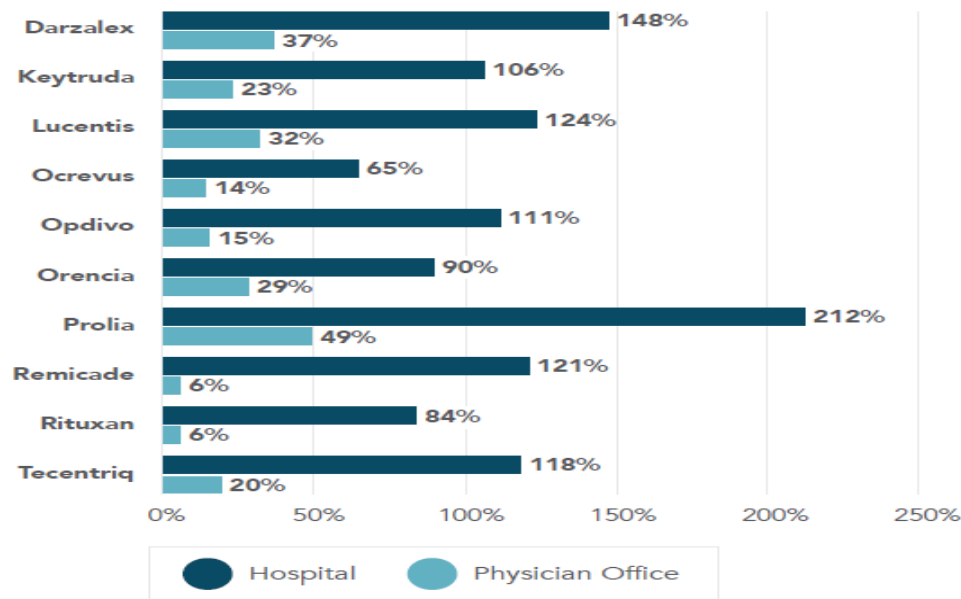
# “White Bagging” vs. Buy and Bill

HOSPITAL PRICE HIKES:

## Markups for Drugs Cost Patients Thousands of Dollars

Everyone should be able to get the medications they need at a cost they can afford. But drug prices are out of control, and hardworking families feel the consequences every day. Health insurance providers have developed innovative solutions to make prescription drugs more affordable, including leveraging lower-cost specialty pharmacies to safely distribute physician-administered drugs (sometimes called “white bagging” or “brown bagging”). These solutions help reduce Americans’ out-of-pocket costs and what they pay in premiums – making health care more affordable and accessible for everyone.

Figure 1. Average Markups for Drugs in Hospitals and Physician Offices Over Specialty Pharmacies (2019-2021)



**\$8,200**

Costs per single treatment for drugs administered in hospitals (2019-2021) were an average of \$8,200 more than those purchased through specialty pharmacies. Drugs administered in physician offices were an average of \$1,500 higher than specialty pharmacies.

**118% More**

Hospitals, on average, charged double the prices for the same drugs, compared to specialty pharmacies. Physician offices charged 23% higher prices than specialty pharmacies for the same drugs, on average.

Specialty pharmacies lower a patient's health care costs by preventing hospitals and physicians from charging exorbitant fees to buy and store specialty medicines themselves. Secure, direct delivery is more efficient and effective and reduces health care costs.



## Questions?

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