

Interim Joint Committee on Health,
Welfare and Family Services
***Pharmacy Benefit Managers Impact
on Healthcare***

Presentation by Rep. Steve Sheldon

Cathy Hanna, KPhA Chair and Pharmacist

September 28, 2022

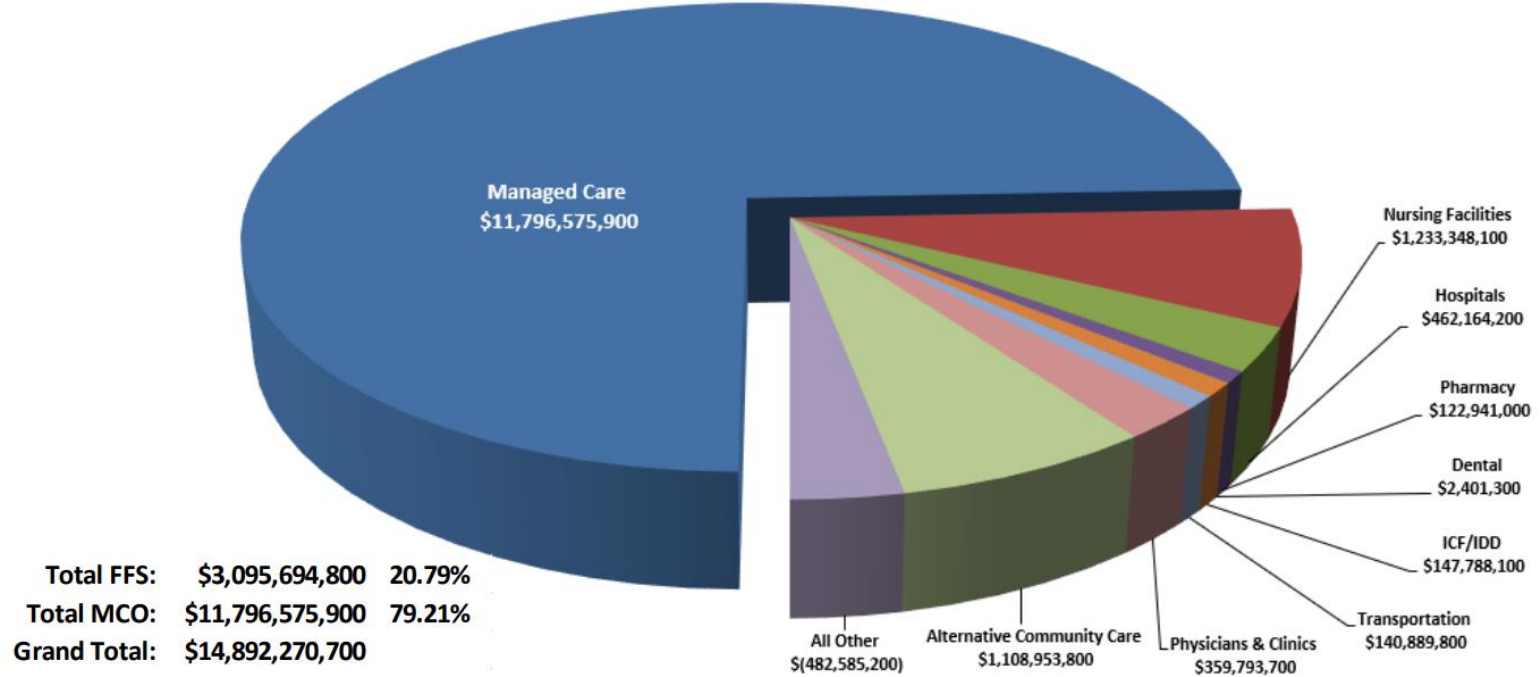
Medicaid Savings as a Result of PBM Reform

- Senate Bill 50
- Reported by Medicaid

Medicaid Drug Rebates	Pre-SB 50 Implementation (SFY 2020)	Post-SB 50 Implementation (Year 1 SFY 2021)	Post-SB 50 Implementation Year 2 (State Fiscal Year 2022)
Total Rebates Collected:	\$659,184,700	\$827,591,000	\$1.2 billion
Net Revenue from Rebates:	-\$440,420,600 (loss revenue after 'other' category of expenses paid)	\$27,570,000	\$482,585,200
Spread Pricing	\$123,500,000	\$0	\$0

SFY 2022 Ky Medicaid Budget

Medicaid Benefits Budget



Medicaid Benefits Budget

	SFY 2021	SFY 2022	Increase/Decrease	% change from 2021
Managed Care (MCO)	\$ 10,815,804,300	\$ 11,796,575,900	\$ 980,771,600	9.07%
Non-Emergency Medical Transportation (NEMT)	\$ 142,994,200	\$ 140,657,700	\$ (2,336,500)	-1.63%
Drug Rebate	\$ (827,591,000)	\$ (1,246,971,900)	\$ (419,380,900)	50.67%
Fee-For-Service (FFS)	\$ 4,253,758,400	\$ 4,202,009,000	\$ (51,749,400)	-1.22%
	\$ 14,384,965,900	\$ 14,892,270,700	\$ 507,304,800	3.53%

- SFY 2022 expenditures increased by \$507m (3.5%) over SFY 2021 expenditures.

Impact on Insurance Premiums

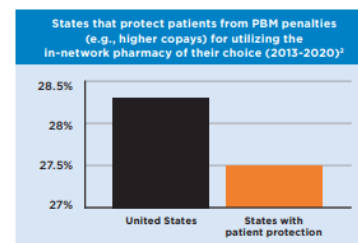
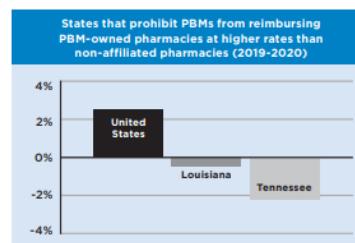
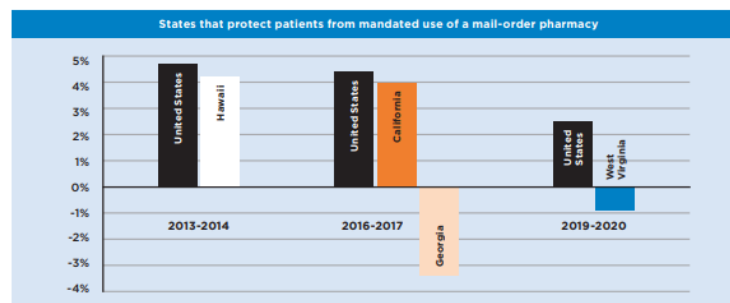


PBM REFORM HAS NOT RAISED COSTS FOR PATIENTS AND PAYERS

State legislative efforts protecting patients from pharmacy benefit managers' (PBMs') conflicts of interest do not raise health insurance premiums. PBMs claim that legislation protecting patients, payers, and pharmacies from their opaque business practices raise health insurance costs. But the facts tell another story!

When states pass meaningful PBM reform, the increase in their average health insurance premium costs have been lower than the nationwide average. In fact, some states have actually seen a decrease in their premium costs!

Compare the change in premiums when states passed PBM reform legislation to the national average.¹



PBMs have enormous control over patients' prescription drug benefits. They design formularies and provider networks, giving them outsized influence over the medications and the pharmacies a patient can utilize. PBMs and their conflicts of interest are responsible for rising prescription drug benefit costs. Limiting those conflicts of interest helps patients by empowering them to make healthcare decisions for themselves, decreasing their out-of-pocket costs, and protecting access to community pharmacy services; all without raising their health insurance premiums.

1. Numbers based on data from the Kaiser Family Foundation (www.kff.org).

2. States include Delaware, Mississippi, North Carolina, and South Dakota.



THE VOICE OF THE COMMUNITY PHARMACIST®

100 Daingerfield Road
Alexandria, VA 22314-2888
703.683.8200 PHONE
703.683.3619 FAX

PBM—the Problem and the Solution

Problem

PBMs --

Prohibit Patient Choice: PBMs require patients to use pharmacies they own or those they have an ownership stake. Require patients to use mail order pharmacies.

Create an Anti-competitive marketplace: PBMs pay themselves more, have opaque contracting methods; reimburse non-affiliated pharmacies below cost

Increase Cost to Patients: Rebates paid to PBMs inflate the cost of a prescription.

Comprehensive Reform--

Protect Patients to Choose Pharmacy:

Allow patients to use pharmacy of their choice. Prohibit PBMs from requiring patients to use affiliated pharmacies.

Protect Patient Access to Pharmacy:

Establish pharmacy network adequacy requirements, excluding mail order and affiliated pharmacies.

Protect Free Market: Establish fair and transparent contracting requirements; prohibit below-cost reimbursement; prohibit clawbacks; prohibit spread pricing.

Lower Patient Cost: Require manufacturer revenue received by the PBM to be shared with the patient.