"Carolina Partnership For Reform" Sent An Email To NC Legislators On 5/28/2024. It Contains The Following Misleading And False Information:

01 "Costs are likely to increase"

Fact: **The US is the only country with PBMs and our drug prices are 278% higher** than other developed countries[1] - limiting PBM power and requiring them to be transparent about their profits will lower drug costs, not raise them.

Fact: From **1987-2019, there was a 1279% increase in prescription drug benefit costs & a 222% increase in patient out-of-pocket costs**[2]. PBMs are clearly not lowering medication costs.

02 "H246 sets a minimum price level for drug reimbursements to pharmacies, mandates a new dispensing fee, and restricts the use of preferred pharmacy networks."

Fact: H246 prevents PBMs from reimbursing pharmacies below the cost of medications (following NC Medicaid's current model), reimbursing their own pharmacies at a higher rate and pay a dispensing fee, which is just to cover the cost of dispensing a medication (following NC Medicaid's current model - the current fee is $10.24). Data from 2018 found the cost to dispense a medication was $12.40.

Fact: H236 does not restrict preferred pharmacy networks - instead, it prevents PBMs from dictating which pharmacy a patient uses (for example, PBMs cannot require patients to use their own mail-order pharmacies - a practice that is currently moving jobs, goods and taxes out of NC)

03 "PBMs drive cost savings of 40-50% on prescription drug and related health costs for payers and patients…Per person cost savings from PBMs average $962 annually, according to an earlier study—or as much as $1,040, according to other data…PBMs provide $145 billion in annual value"

Fact: None of the linked studies and statistics provide reliable sources that support these numbers. A key quoted study was performed by a professor in Chicago, where he estimates the value of PBMs - it is not based on facts and the study includes a number of false statements. Additionally, **his study was funded by the Pharmaceutical Care Management Association (PCMA), which is the largest lobbying group for PBMs**.

Fact: **PBMs fail to pass $120 billion** back to customers[2]

Fact: **PBM rebates, at $143 billion in 2019**, add **nearly 30 cents per dollar** to the price consumers pay for prescriptions[3].

Fact: **Rebates and fees received by PBMs account for 42% of every dollar spent** on brand medicines in the commercial market. The total amount of commercial rebates and fees paid to PBMs reached **$72 billion in 2022**[4].

Fact: **The share of PBM profits from fees** charged to manufacturers, pharmacies, health insurers, and employers **increased by more than 300% over the last decade**[4].

Fact: A report found that **PBM-affiliated pharmacies are making 18-109xs greater profit** over the cost of drugs than the typical community pharmacy.

Fact: PBM regulation does not increase costs - rather it results in significant savings:

- In 2017, West Virginia removed PBMs from their state medicaid plan and **saved $54 million dollars** in the first year & saved a little over $6 per individual prescription.
- Ohio State Auditor found that, of the $2.5 billion that's spent annually through PBMs on Medicaid prescription drugs, **PBMs pocketed $224.8 million** through the spread alone during a one-year period.
- Louisiana **saved $1.2 million** by switching to pass-through model with PBM.
- Louisiana: **PBMs retained $42 million** that was incorrectly listed as "medical costs."
- Kentucky found a **PBM made $123.5 million** through spread pricing alone.
- California dropped the PBM CVS Caremark - a move to cut prescription drugs costs between 10% and 15%, or about **$500 million a year**
- Michigan: Drug price manipulation allowed PBMs to overcharge Michigan Medicaid by at least **$64 million**.
- Pennsylvania: State auditor found that between 2013 and 2017, the amount that taxpayers paid to PBMs for Medicaid enrollees more than doubled from **$1.41 billion to $2.86 billion**.
- Virginia: A state-commissioned report on Medicaid found **PBMs pocket $29 million** in spread pricing alone.
- Maryland: A state Medicaid report found **PBMs pocket $72 million** annually in spread pricing alone.
- New York: A legislative committee investigated PBM practices and found "PBMs often employ controversial utilization and management tools to g**enerate revenue for themselves in a way that is detrimental to health plan sponsors, patients, and pharmacies**.
- Florida: A report on Florida's Medicaid managed care program found PBMs steered patients with high-cost, high-profit prescriptions to their own pharmacies and charged higher prices, revealing that "when it comes to dispensing brand name drugs, [managed care organization]/**PBM-affiliated pharmacies are making 18x to 109x more profit** over the cost of the drugs than the typical community pharmacy."

04	**"HB 246 would harm and constrain businesses… increase costs for health plan sponsors, like employers, by limiting their ability to use lower-cost pharmacy options in the coverage plans they provide. It would also add a new $10.24 fee for most prescriptions filled in North Carolina and take choices away from patients by preventing employers from covering certain pharmacies, like those that offer home delivery."**

Fact: Independent pharmacies are the only pharmacies that provide same-day home delivery in NC (in fact, **76% of independent pharmacies provide delivery to the home or workplace**). If H246 is not passed, our vulnerable population who rely on this service for their medications will suffer.

Fact: H246 prevents PBMs from reimbursing pharmacies below the cost of medications (following NC Medicaid's current model), reimbursing their own pharmacies at a higher rate and pay a dispensing fee, which is just to cover the cost of dispensing a medication (following NC Medicaid's current model - the current fee is $10.24). Data from 2018 found the **cost to dispense a medication was $12.40**.

Fact: H246 does not restrict preferred pharmacy networks - instead, it prevents PBMs from dictating which pharmacy a patient uses (for example, PBMs cannot require patients to use their own mail-order pharmacies - a practice that is currently moving jobs, goods and taxes out of NC).

References

1. https://www.managedhealthcareexecutive.com/view/u-s-drug-prices-are-278-higher-than-other-developed-countries-says-rand-study
2. https://www.nacds.org/dir-fees/
3. Medicine Spending and Affordability in the United States: Understanding Patients' Costs For Medicine. IQVIA Institute for Human Data Science
4. https://phrma.org/Blog/New-analysis-shows-PBMs-use-fees-as-a-profit-center