



# PBMs and Rebates: Get the Facts

With more attention on the rising prices of prescription drugs, drug companies have spread misinformation about pharmacy benefit managers (PBMs) and the work they do for businesses, unions, and government programs. The truth is plan sponsors rely on PBMs to manage costs and ensure access; policymakers should preserve tools that allow them to do so.

## MGA: REBATES DO NOT RESULT IN HIGHER DRUG PRICES

A Matrix Global Advisors (MGA) [report](#) highlights how **rebates promote competition and lower insurance premiums**. The report offers clear evidence refuting drug companies' claims that the rebates PBMs negotiate are to blame for increasing list prices for brand drugs and shows that price trends in rebated and non-rebated drugs were comparable over the last four years.

Key findings of the report include:

- The median list price change from 2018 to 2021 was roughly the same for a sample of rebated and non-rebated drugs.
- There is a lack of evidence that drug rebates are the culprit behind high drug prices.
- Policymakers can most effectively lower drug prices by encouraging robust competition among drug manufacturers and promoting common-sense tools that incentivize effective, quality health care.

## GAO: PBMs SHARE PART D REBATES, CREATE SAVINGS

The Government Accountability Office (GAO) released a [report](#) to Congress outlining the work that PBMs perform in Medicare Part D. In its report, the GAO found **PBMs pass through almost all (99.6%) of the rebates** they negotiate to plan sponsors, which are then used to lower costs for beneficiaries and the federal government.

Other highlights included:

- Because of PBM rebates, net drug expenditures in Part D have not risen as fast as overall drug spending. In 2016 alone, **PBM rebates and price concessions saved Medicare Part D \$29 billion** on prescription drugs.
- PBM rebates directly contribute to lower premiums for beneficiaries. GAO wrote that savings from rebates are "one reason that premiums remained relatively unchanged between 2010 and 2015." Part D premiums have fallen 13.5% on average since 2016.
- Fees paid to PBMs from pharmacy price concessions and bonuses remained stable. Service fees drug companies pay to PBMs remain a very small part of Part D spending (0.4%).
- Contrary to claims by pharma, the fees Part D plans pay to their PBMs are based on the number of claims or the size of the patient population, rather than drug prices.

## HHS OIG: REBATES REDUCED DRUG SPENDING GROWTH

HHS OIG released a [report](#) finding that **rebates "substantially reduced" spending growth on brand-name drugs** in Part D from 2011 to 2015.

The HHS OIG found:

- No consistent relationship between rising reimbursement for drugs in Part D and rising rebate volume.
- While spending growth on the 45% of brand drugs with rebates was limited to 4%, drugs without rebates in Part D saw spending increases of 19%.