



Decoding the Drug Pricing Debate

THE CURRENT LANDSCAPE

Drug companies continue to raise their prices, year after year, sometimes multiple times a year, often for the exact same product.

- ▶ Over the last ten years, drug companies' price hikes increased the price of drugs by 159%.¹
- ▶ Only 10% of U.S. prescriptions are brand drugs, but they make up 78% of U.S. drug spending.²
- ▶ CMS projects that over the next five years, national spending on prescription drugs will increase by more than \$100 billion.³

Drug companies use tactics like product hopping to manipulate the patent and regulatory process to block competition and keep prices high.

- ▶ Brand drug companies use a wide array of anticompetitive tactics to delay competition for their products, including patent thickets, product hopping and abusing the FDA's citizen petition process.⁴
- ▶ The U.S. health system would stand to gain \$31.7 billion in savings if brand drug gamesmanship was prohibited and generic drugs came to market 2.2 years faster.⁵

Employers, health plans and others partner with Pharmacy Benefit Managers (PBMs) to negotiate lower prescription drug costs for more than 266 million Americans.

- ▶ One in two Americans get their insurance from their employer.⁶
- ▶ Nearly 2/3 of employers choose to partner with a PBM to help lower their drug costs.⁷
- ▶ From 2015-2018, employers' prescription drug costs increased an average of 11 percent year-over-year, compared to medical costs.⁸

THE VALUE OF A PBM PARTNERSHIP

PBMs make prescription drugs more affordable.

- ▶ PBMs save public and private sector employers, health plans and government programs an average of \$962 per person per year, representing 40-50% savings on their annual prescription drug and related medical costs compared to what they would have spent without PBMs.¹⁰
- ▶ From 2020 to 2029, the current use of PBM tools in the marketplace will save plan sponsors and consumers more than \$1 trillion.¹¹
- ▶ Full use of PBM tools could save the federal government and states over \$110 billion in Medicaid costs over the next ten years.¹²

Innovative PBM programs and services improve care and lower out-of-pocket costs for patients.

- ▶ **Pricing Transparency:** PBMs provide digital tools that allow doctors and patients to see the price of various drugs at the point of prescribing so they can make the best decision for the patient's health. Nearly 20% of the time, physicians switch to a more affordable medicine when clinically equivalent alternatives are offered through one PBM's price transparency tool.¹³
- ▶ **Point-of-Sale Rebate Programs:** PBMs are ensuring the value of the rebates negotiated by PBMs on branded drugs are passed on directly to patients when they fill their prescriptions. These programs are growing in popularity and currently offer savings for nearly 9 million patients, averaging nearly \$130 in net cost savings for patients per year at one PBM.¹⁴
- ▶ **Medication Adherence:** PBMs' coordinated patient-centric programs increase adherence in diabetes patients, helping to prevent some 480,000 heart failures; 230,000 incidents of kidney disease; 180,000 strokes; and 8,000 amputations annually.¹⁵