



Federal Studies Show: PBM Competition is Strong, Lowers Costs for Taxpayers, Seniors + Consumers

As the FTC considers a study of pharmacy benefit managers (PBMs), [research from the FTC and other federal agencies show](#) competition in the PBM industry remains intense and works to lower drug costs. The same research shows that limiting PBMs will only push costs higher for millions of Americans.

The PBM Market Has Remained Competitive + Continues To Innovate:

- An FTC study "revealed a competitive market for PBM services characterized by numerous, vigorous competitors who are expanding and winning business from traditional market leaders."¹ "Our staff's investigation revealed that competition for accounts is intense, has driven down prices, and has resulted in declining PBM profit margins—particularly in the large customer segment."²
 - "Several standalone PBMs ...have had recent success winning significant employer business, including large employer accounts...by trying to differentiate themselves from the Big Three and health plan-owned PBMs by emphasizing a transparent pricing model, providing more individualized account management support, and offering customized PBM offerings."³

PBMs Contain Costs for Government Agencies and Taxpayers:

- A Department of Labor Office of Inspector General – Office of Audit report on the Workers' Compensation Programs found that that the agency spent \$321.3 million more than it needed to from 2015 through 2020 on prescription drugs for its Federal Employees' Compensation Program (FECA).⁴
 - "OWCP had not done enough to ensure it paid the best prices for prescription drugs, specifically noting the lack of a pharmacy benefit manager to help contain costs and the failure to determine if alternative prescription drug pricing methodologies would be more competitive."⁵

Forced Disclosure Of Confidential Information Will Hurt Consumers, Raise Prices:

- FTC staff has analyzed state legislative proposals involving mandatory transparency requirements and the likely effect on competition, finding "Mandatory disclosure requirements may hinder the ability of plans to negotiate an efficient level of disclosure with PBMs."⁶
- If such disclosures reveal proprietary information about discounts negotiated with PBMs, it may worsen aggressive pricing by, or even collusion among, pharmaceutical manufacturers.⁷

PBM-Negotiated Rebates Are Lowering Prices for Patients, Taxpayers in Medicare Part D:

- A 2019 study by the HHS Inspector General found that rebates substantially reduced the growth of total Part D spending, helping keep costs down for seniors and taxpayers. The study also showed that rebates substantially held down the growth of federal spending for expensive brand-name drugs in Part D from 2011 to 2015.⁸
- Another 2019 study from the Government Accountability Office found that PBMs passed approximately 99.6% of the rebates they negotiate in Part D back to Part D plans, helping keep drug costs down.⁹

Preferred Pharmacy Networks Lower Drug Costs for Patients and Taxpayers:

- A study from CMS found that pharmacies in preferred networks in Medicaid Part D had average prescription costs that were about 6% cheaper than those of non-preferred pharmacies.
- This study, which has been cited by the FTC, showed that these and other PBM tools generate savings of 3.3% for brand drugs and 11% for generic drugs.¹⁰

Private-Sector Plan Sponsors Need Flexibility to Decide What Works for Them:

- "We encourage [stakeholders] to consider whether harm may result if plan sponsors are denied the ability to choose the level of transparency that best suits them, within the context of their overall plan design."¹¹

¹ [FTC Closes Eight-Month Investigation of Express Scripts, Inc.'s Proposed Acquisition of Pharmacy Benefits Manager Medco Health Solutions, Inc.](#)

² Statement of the Fed. Trade Comm'n Concerning the Proposed Acquisition of Medco Health Solutions by Express Scripts, Inc., FTC File No. 111-0210 (Apr. 2012)

⁴ [DOL REPORT TO THE OFFICE OF WORKERS' COMPENSATION PROGRAMS](#)

⁷ [FTC Office of Policy Planning letter to ERISA Industry Council](#), citing letters to NY and NJ state legislators

⁸ U.S. Department of Health and Human Services, Office of Inspector General, Rebates for Brand-Name Drugs in Part D Substantially Reduced Expenditures

⁹ Government Accountability Office, Use of Pharmacy Benefit Managers and Efforts to Manage Drug Expenditures and Utilization, July 2019

¹⁰ Centers for Medicare & Medicaid Services, Part D Claims Analysis: Negotiated Pricing Between Preferred and Non-Preferred Pharmacy Networks (April 30, 2013)

¹¹ [FTC Office of Policy Planning letter to ERISA Industry Council](#)