



# What They're Saying: The FTC's Interim Study Falls Short

Key stakeholders and industry leaders' reactions to the FTC's interim report on pharmacy benefit managers (PBMs).

## *The FTC analysis lacks economic rigor*

**Alex Brill, Senior Fellow, American Enterprise Institute:** "The lack of rigorous economic inquiry in the interim report and the failure to present evidence related to PBMs' effect on consumers suggest that further FTC action will reflect an insufficient understanding of the complexity of this market and the benefits of PBMs generally."

**Alex Reinauer, Competitive Enterprise Institute:** "Unfortunately, the Commission's recent interim staff report on pharmacy benefit managers falls short...Moving forward, the Commission should utilize its 6(b) authority to conduct rigorous economic analysis rather than engaging in preconceived administrative activism."

**Fred Ashton, Director of Competition Policy, the American Action Forum:** "When it came to writing the report, it's as if the FTC locked the economists out of the room."

**Lisa Gill, Analyst, JPMorgan:** "The FTC's interim findings fall short of any charges against the PBMs or empirical findings on the relationship between increased consolidation in the PBM industry and higher drug prices."

## *Employers and unions value their PBMs' flexible options*

**Coby Cullins, Small Business Owner:** "I understand the crucial role of providing excellent health care for my employees. Through various plans and thousands of dollars in savings, PBMs helped me offer top-notch prescription drug coverage for my employees and their families and kept my business competitive in the job market...By only focusing on PBMs, the FTC is shifting blame away from the big drug companies and onto the only market entity successfully lowering the price of prescription medications."

**Alicia Cantrell, Small Business Owner:** "PBMs provide us with the flexibility and options we need in order to design the best benefits for our business, so our employees and their families can stay healthy. The valuable role in savings PBM provides are the opposite of what Big Pharma does. Big Pharma undermines competition in the prescription drug marketplace by constantly engaging in anti-competitive practices so they can extend monopolies in the marketplace to pad their own pockets to help boost their profits. They have engaged in baseless blame to encourage policymakers to narrowly focus on PBMs instead of others in the prescription drug supply chain. And the FTC seems to be listening."

**John Cantrell, President, HTXUSA:** "PBMs are partners for employers to navigating the complex world of prescription drugs ... If [PBMs] did not help us lower drug costs, we would not hire them."

**Suzanne Daniels, President, APEC:** "Much of [the] current discussion around PBMs threatens to undermine employers' and organized labors' ability to offer robust, yet cost-effective prescription drug benefits at a sustainable cost. Most importantly, these reforms hurt workers and families by increasing their out-of-pocket costs as well as those of their employer."

## *A broad range of stakeholders recognize the value in PBMs*

**William Martin, President, PBM Associates:** "I'm concerned about the FTC's recent report targeting pharmacy benefit managers and believe that it's an incomplete picture...Without [PBMs], we believe that Big Pharma would be able to continuously raise rates without any regard for both the business and the employees. We're really hoping that the FTC will look at the entire prescription drug supply chain including those drug manufacturers so that it's not simply a piecemeal approach – but a holistic approach – to a better solution. Otherwise, we believe that these companies will be able to boost their profits after they've done, year after year."

**Austin Ownbey, Akerman LLP:** "Nothing can change that the PBMs are operating in an extremely competitive market and have a proven track record of reducing prescription drug costs by promoting lower cost generics and biosimilars. Today, over 90% of prescriptions filled are for generics and biosimilars, which would be impossible without PBMs. In addition, PBMs recognize the vital role pharmacies play in creating access to prescription drugs for patients and PBMs support rural pharmacies through innovative programs that increase their reimbursements on prescription drugs."

**Joel Zinberg, Senior Fellow, Competitive Enterprise Institute:** "Selective contracting allows PBMs to obtain rebates and discounts that lower drug costs. It also allows them to encourage the use of drugs that are cheaper (such as generics), more effective, or both. While plan sponsors aren't required to contract with PBMs, most do, suggesting they value PBMs' services."

**Ike Brannon, Senior Fellow, Jack Kemp Foundation:** "PBMs manage the drug formularies for health care providers: insurers, state and local governments, unions, and large corporations that self-insure. Their most important task involves negotiating to reduce the costs of pricey prescription drugs, which they accomplish by using the market power they obtain from representing numerous healthcare plans. ... Limiting the power of pharmacy benefit managers would be to the detriment of almost everyone..."