

## Pharmacy Benefit Managers: Helping support carriers to reduce costs to consumers

Every person deserves access to the medications they need at a price they can afford, especially those who can least afford them. We should not have to choose between innovation and affordability. With the right solutions and genuine collaboration, we can have both.

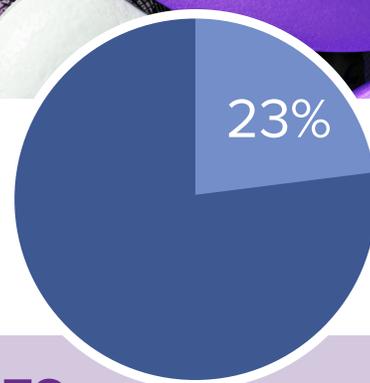
Pharmacy benefit managers (also known as PBMs) help to bring down the price of medications for consumers by negotiating with providers, hospitals and pharmaceutical companies to get the best value.

### CAHP's principles:

1. Pharmacy benefit managers are a tool to lower drug costs. PBMs drive prices down by forcing manufacturers to compete with another for formulary placement, but this happens only when there are competing drugs in the marketplace.
2. The problem is the price of prescription drugs, not the savings plans and PBMs negotiate. There is NO connection between higher levels of rebates and higher prices for prescription drugs.
3. Drug prices are still out of control for brand-name drugs that do not offer rebates. When drug makers face competition from similar drugs, they use rebates to drop their prices. This is how the market should work. It's a stark difference for drugs that face no competition.
4. Savings from rebates go directly to consumers. Consumers and patients absolutely benefit from rebates.
5. The focus on rebates is a distraction because most drugs are not even rebated by drug makers. Rebate levels are driven by market competition—not price. Rebates are nominal or non-existent if there is no leverage to negotiate them.



23 cents of every health care dollar go into the pockets of Big Pharma



### HERE ARE THE FACTS:

- Colorado saw a **27% increase** in pharmacy services between 2012 – 2015.
- In 2017, Pharmaceutical Trend by Year by Type of Health Insurance shows a **10.82% increase** in premiums for an individual off exchange based solely on the increase in price of pharmaceuticals. The average total prescription trend for an individual off exchange was **37% increase** in premiums.
- Today **more than 23 cents of every health care dollar** go into the pockets of Big Pharma to pay for prescription drugs—more than any other expense.
- Among the 25 biggest pharma companies, average **profit margins ranged from 15 to 20%**. Compare that to the 500 largest nondrug companies, which ranged from 4 to 9%. In Colorado, average profit margin of health plans was -4.9%.

Health plans and PBMs are advocates for lower drug prices. Any government intervention to support further lowering of prices should focus on increasing market competition, transparency of drug manufacturer prices and consumer education.