FEDERAL EMPLOYEE HEALTH BENEFITS PLAN: DRUG PRICING VARIABILITY, SPECIALTY DRUG MARKUPS AND STEERING UNCOVERED

Drug Pricing Policy

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Executive Summary

While much has been made of Pharmacy Benefit Manager (PBM) practices in Medicare Part D, Medicaid managed care, and commercial employer sponsored plans, PBM practices in connection with the Federal Employee Health Benefits Program (FEHBP) have largely flown under the radar of lawmakers until 2024.

However, in a recent Office of Inspector General (OIG) audit of the American Postal Workers Union Health Plan, over $39 million in PBM overcharges were uncovered, in what was supposed to be a pass-through contract. These overcharges stemmed from practices community pharmacists have long warned about including, without limitation, non-drug specific rebates paid to the PBM from drug manufacturers, non-drug specific transaction fees imposed on retail pharmacies, and drug manufacturer rebates paid to an offshore rebate aggregator affiliated with the PBM.

Omitted from the audit was an analysis of drug prices themselves. Utilizing a publicly available pricing tool for a large FEHBP association plan, the Government Employees Health Association (GEHA), drug prices for twenty commonly prescribed generic medications were reviewed in the Kentucky market via the prices at a Kentucky independent pharmacy closing its doors in August of 2024, three nearby chains, and a mail-order pharmacy. In addition, drug prices were reviewed for several drugs used to treat serious disease states including cancer, multiple sclerosis, and HIV.

The findings are consistent with other recent reports that identify massive variability in drug pricing even when the prices are being set in the same plan, by the same PBM, on the same day.

The data also reflects more favorable reimbursement for commonly prescribed generics to retail chain pharmacies over the independent pharmacy as well as more favorable reimbursement to the mail-order pharmacy.

Finally, for the "specialty medications," reviewed, Government Employee Health Association beneficiaries are unable to fill their medications at the Kentucky independent pharmacy or a non-affiliated retail chain pharmacy. Instead, beneficiaries are required to obtain these medications from the PBM-affiliated specialty pharmacy and the markups over the national average drug acquisition costs are staggering, with one MS drug being marked up more than 47,000%.

In sum, the findings here, along with the OIG audit findings in connection with the American Postal Workers Union Health Plan shine a light on drug pricing and PBM practices in Federal Employee Health Benefits Program that calls out for reform. It is time for lawmakers to answer that call. As independent pharmacies continue to close at an alarming rate and prescription drugs become more and more inaccessible for patients, the time to rein in PBM practices is now, even if Federal Employee Health Benefits Program insurers and their contracted PBMs cling to the status quo.

H.R. 9096, titled the *Pharmacists Fight Back Act*, introduced by Congressman Jake Auchincloss and Congresswoman Diana Harshbarger, offers a clear path to ending problematic PBM practices in federal healthcare plans, including the Federal Employees Health Benefits Program, that drive up drug prices for patients and taxpayers, deprive patients of their choice of pharmacy, steer to PBM-owned/affiliated pharmacies, and drive independent pharmacies to the brink of closure. Congress should act decisively to pass this legislation and end problematic PBM practices in large federal healthcare programs.

I. The Federal Employees Health Benefits Program

The FEHBP was established by federal law to provide health benefits for federal employees and their dependents.[1] The Office of Personnel Management's Health Care and Insurance Office is responsible for the administration of the FEHBP and contracts with multiple health insurance carriers to administer health benefits.[2]

The FEHBP is currently one of the largest employer-sponsored health programs in the country covering more than 8 million lives and contracting with over 200 health insurance plans for the provision of benefits.[3] The FEHBP provides more than $53 billion in

[1]U.S. Office of Personnel Management Office of the Inspector General Office of Audits, "Audit of the American Postal Workers Union Health Plan's Pharmacy Operations as Administered by Express Scripts, Inc. for Contract Years 2016-2021," March 29, 2024, available online at: https://www.oversight.gov/sites/default/files/oig-reports/OPM/2022-SAG-029.pdf.
[2]Id.
[3]U.S. Office of Personnel Management Office of the Inspector General Office of Audits, "Federal Employees Health Benefits Program Prescription Drug Benefits Costs," February 27, 2020, available online at: https://www.oversight.gov/sites/default/files/oig-reports/1H-01-00-18-039.pdf.

healthcare benefits per year with approximately 72% paid by the Federal Government and 28% paid by beneficiaries. Importantly, prescription drugs represent an outsized portion of the spending within FEHBP with over 27% of total premiums spent on drugs as compared to 17% of overall personal healthcare expenditures in the United States more broadly.[4] Despite the massive size of the program, from a policy perspective, it has received little attention from lawmakers in recent years in comparison to PBM practices in Medicare Part D and Medicaid managed care.

This despite several reports from the U.S. Office of Personnel Management Office of Inspector General related to PBMs and drug pricing in the FEHBP including a report in 2020 which identified several concerns including increasing member out of pocket cost sharing as a means to control premium growth and concluded that "an effective long-term strategy to mitigate and manage future FEHBP prescription drug costs . . ." was necessary.[5]

OIG Audit of Postal Workers Union Health Plan

A recent Office of Inspector General audit of the American Postal Workers Union Health Plan's pharmacy benefits, administered by Express Scripts via a pass-through contract, found, amongst other things, the following discrepancies:

- Over $14.4 million in drug manufacturer rebates withheld by offshore PBM rebate aggregator sister company.
- Over $12.4 million overcharge via failure to pass through retail pharmacy drug pricing discounts;
- Over $5.9 million overcharge via failure to pass through drug manufacturer discounts for prescription drugs filled by PBM-owned mail order and specialty pharmacies;
- Over $2.2 million in retail pharmacy claim transaction fees that PBM charged pharmacies in administering the plans prescription drug benefits; and
- Over $4.9 million overcharge as a result of the PBM failing to pass through a portion of the rebates collected[6]

As noted, in our previous report, significant take aways from the audit include: (1) the audit uncovered the withholding of millions of dollars in rebates earned through a PBM-affiliated offshore rebate aggregator; and (2) the audit findings and the PBMs responses are instructive on how non-drug specific discounts and fees can be used to obscure drug prices and deprive PBM clients of the full value of negotiated price concessions from drug manufacturers and pharmacies.[7]

II. FEHBP's Government Employees Health Association plan

The GEHA is a nonprofit health and dental benefits association for federal employees that provides benefits to approximately two million members.[8] A review of their pharmacy benefits page reveals that the Association's PBM is CVS Caremark and there are five different plan options.[9] GEHA offers the ability for beneficiaries under any of the five plan options to check drug costs utilizing a public facing CVS pricing tool that estimates the beneficiaries cost share and also provides the plans cost for each drug.[10]

a. Owensboro Kentucky Independent Pharmacy

The rate of independent pharmacy closures in Kentucky and the role PBMs have played in those closures has garnered significant attention within the Commonwealth and its General Assembly.[11] As recently as August of 2024, at least two Kentucky independent pharmacies have closed their doors.[12]

[4]Id.
[5]Id.
[6]U.S. Office of Personnel Management Office of the Inspector General Office of Audits, "Audit of the American Postal Workers Union Health Plan's Pharmacy Operations as Administered by Express Scripts, Inc. for Contract Years 2016-2021," March 29, 2024, available online at: https://www.oversight.gov/sites/default/files/oig-reports/OPM/2022-SAG-029.pdf.
[7]APCI Insights, "OIG Audit of American Postal Workers Union Health Plan's PBM – Understanding the Findings and Implications From an Oversight, Contracting, and Policy Making Perspective, June 2024.
[8]https://www.geha.com/get-to-know-us.
[9]https://geha.com/plans/prescriptions/check-drug-costs.
[10]https://www.caremark.com/memberportal/check-drug-cost?fastStyle=OE&logintype=oe&tokenID=09E4704791C53BA1B3740A3562348483.
[11]Andrew Lamparski, "Pharmacies are shutting down across Kentucky. Here's what's pushing them out," Lex18, Jul. 10, 2024, available online at: https://www.lex18.com/news/lex-in-depth/pharmacies-are-shutting-down-across-kentucky-heres-whats-pushing-them-out; see also Heather Close, "Whipsawed by the system, dozens of independent pharmacies closed in Kentucky last year, and more are expected to follow suit, " Kentucky Health News, Feb. 2, 2024, available online at: https://kyhealthnews.net/2024/02/02/whipsawed-by-the-system-dozens-of-independent-pharmacies-closed-in-kentucky-last-year-and-more-are-expected-to-follow-suit/.
[12]Grassroots Pharmacy in Lexington (https://www.facebook.com/story.php?story_fbid=1045218627609545&id=100063642519596&rdid=l5g8wjshWQfFwTZl) and Owensboro Family Pharmacy and Wellness in Owensboro both permanently closed in August of 2024 (https://www.facebook.com/owensborofamilypharmacy/posts/with-heavy-hearts-and-deep-gratitude-we-announce-the-closure-of-owensboro-family/1118742236385636/).

The below GEHA pricing analysis includes an Owensboro Kentucky independent pharmacy closing its doors in August 2024, along with three retail chain pharmacies, and the mail-order pharmacy used in the GEHA plan.[13]

b. Retail Generic Drug Pricing Variability

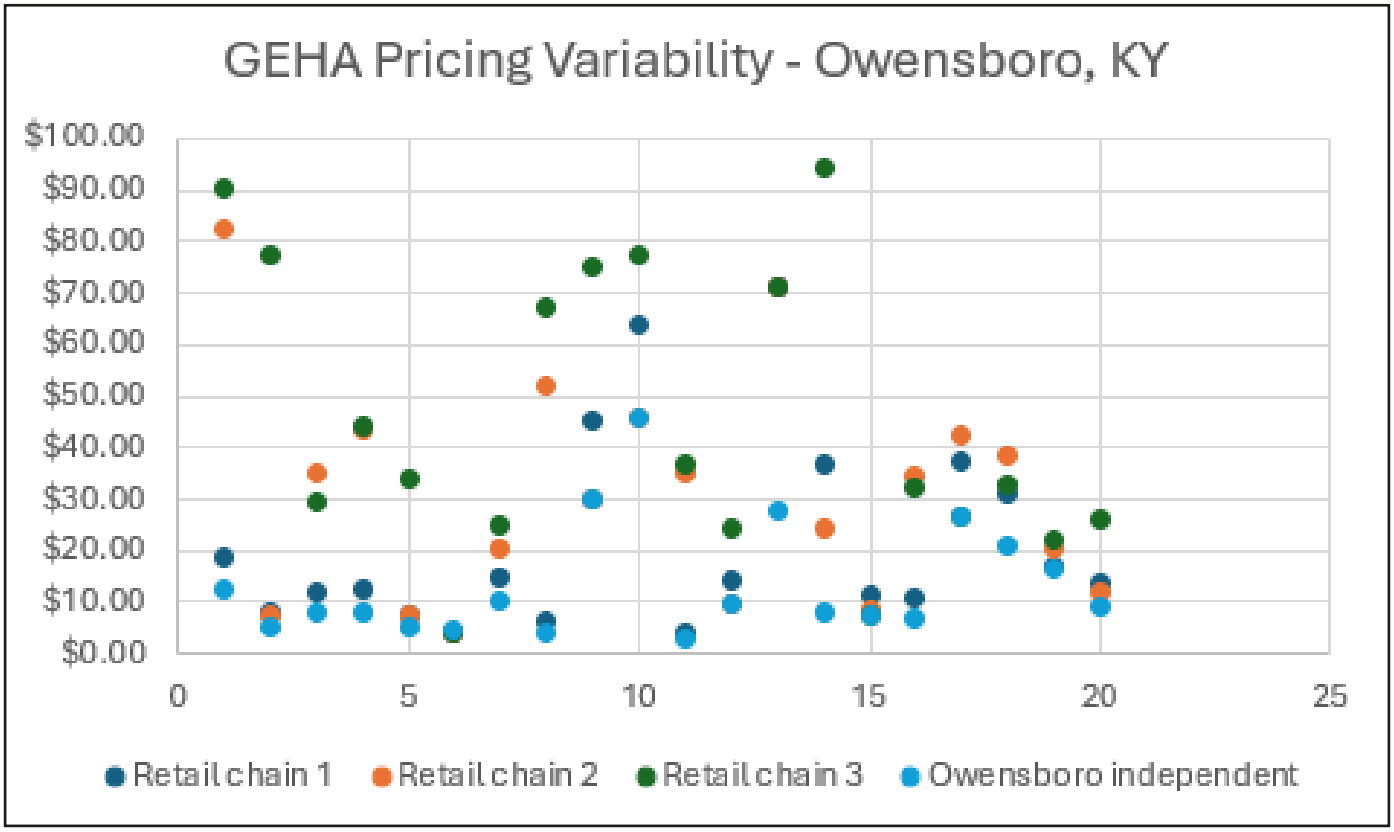
Utilizing the publicly available pricing tool for GEHA, a comparison of drug prices was done on twenty commonly prescribed generic drug medications which are filled at a high volume at retail pharmacies.[14]

The findings were consistent with several recent 3 Axis Advisors' reports uncovering significant drug pricing variability.[15]

Drug Name	Retail Chain 1	Retail Chain 2	Retail Chain 3	Owensboro Independent Pharmacy
Atorvastatin 20mg [90 tabs]	$18.86	$82.55	$90.18	$12.58
Bupropion ER (xl) 150mg [90 tabs]	$8.01	$7.54	$77.61	$5.34
Metformin ER 500mg [180 tabs]	$11.68	$35.08	$29.68	$7.79
Metoprolol tart 100mg [180 tabs]	$12.24	$43.43	$43.88	$8.15
Amlodipine besylate 10 mg [90 tabs]	$7.51	$7.22	$33.77	$5.00
Levothyroxine 100mcg [90 tabs]	$4.22	$4.22	$4.22	$4.39
Lisinopril 20mg [90 tabs]	$15.01	$20.51	$25.19	$10.01
Losartan Pot 50mg [90 tabs]	$6.10	$52.02	$67.17	$4.07
Omeprazole DR 10 mg [90 caps]	$44.98	$29.99	$74.90	$29.99
Esomeprazole Mag 20mg [90 caps]	$63.68	$45.99	$77.28	$45.99
Sertraline hcl 50mg [90 tabs]	$4.24	$35.14	$36.81	$2.83
Gabapentin 400mg [90 caps]	$14.36	$9.59	$24.51	$9.59
Clopidogrel 75mg 90 [tabs]	$71.28	$71.28	$71.28	$27.95
Escitalopram 20mg [90 tabs]	$36.64	$24.43	$94.07	$8.24
Fluoxetine 20mg [90 caps]	$11.54	$8.44	$7.70	$7.70
Simvastatin 20mg [90 tabs]	$10.64	$34.44	$32.24	$7.09
Montelukast Sod 4mg [90 tabs]	$37.41	$42.52	$26.87	$26.87
Topiramate 200mg [180 tabs]	$31.37	$38.45	$32.63	$20.92
Cephalexin 500mg [90 caps]	$17.21	$20.54	$22.20	$16.41
Cyclobenzaprine Hcl 10mg [90 tabs]	$13.50	$11.77	$25.88	$9.00
TOTAL	**$440.48**	**$625.15**	**$898.07**	**$269.91**

[13]Owensboro Family Pharmacy and Wellness, CVS, Owensboro, KY; Walgreens, Owensboro, KY; Kroger, Owensboro, KY, and mail-order pharmacy.
[14]https://info.caremark.com/oe/geha (standard option plan selected) (pricing tool accessed for prices in this report on August 15, 2024); see also https://www.caremark.com/memberportal/check-drug-cost/search?fastStyle=OE&logintype=oe&tokenID=09E4704791C53BA1B3740A3562348483.
[15]Three Axis Advisors, "Unraveling the Drug Pricing Blame Game," September, 2023, available online at: https://www.3axisadvisors.com/projects/2023/9/19/unravelling-the-drug-pricing-blame-game; see also Three Axis Advisors, Understanding Drug Pricing from Divergent Perspectives: State of Washington Prescription Drug Pricing Analysis, June 2024, available online at: https://www.3axisadvisors.com/projects/2024/6/25/understanding-drug-pricing-from-divergent-perspectives-state-of-washington-prescription-drug-pricing-analysis-jh92.

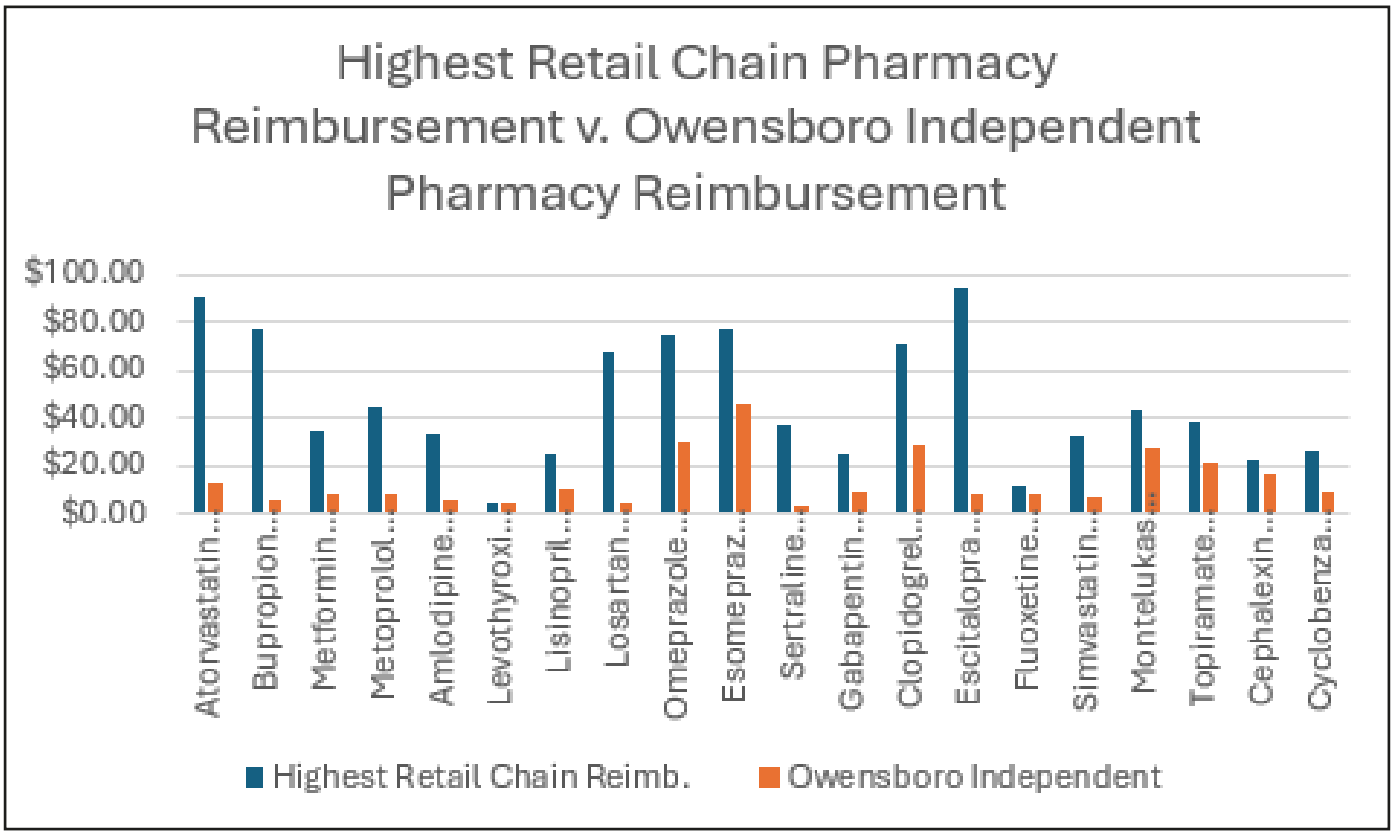
Despite the fact that these drugs are priced in the same state, for the same plan, by the same PBM, on the same day, rather than having one price point for each drug resulting in twenty total prices, there were seventy-one unique price points. For fourteen of the twenty drugs, each of the four pharmacies had at different price.



Also, as reflected in the chart and graph above, there is a consistent pattern established whereby the independent pharmacy is being reimbursed on the lower end of the reimbursement spectrum with the independent pharmacy receiving the lowest reimbursement for nineteen of the twenty prescription drugs listed.

The bar graph below is useful in visualizing the reimbursement disparities between the highest and lowest reimbursement for each of the twenty prescription drugs. The largest disparity identified was for escitalopram, used to treat depression, which was over 1,000% higher at one of the nearby chain pharmacies than it was at the Owensboro independent pharmacy.

In contrast, the independent pharmacy was reimbursed highest on one of the nineteen prescription drugs listed but it was by a margin of only seventeen cents.



The disparities shown are particularly striking in a state that has been hit as hard as Kentucky with regard to independent pharmacy closures and in which the lowest reimbursed pharmacy is closing its doors. The findings also run counter to PBM claims that independent pharmacies are reimbursed at a higher rate than chain pharmacies.[16]Additionally, the pricing pattern runs contrary to PBM claims that independent pharmacies receive more favorable reimbursements than chain retail pharmacies.[17]

Low independent pharmacy reimbursement aside, the data is reflective of the fact that large PBMs continue to be price setters in the generic prescription drug market for plans in which they administer prescription benefits often–resulting in massive pricing variability.

[16]The Role of Pharmacy Benefits Managers in Prescription Drug Markets Part III: Transparency and Accountability: Committee on Oversight and Accountability, 118th Congress, July 23, 2024, available online at: https://oversight.house.gov/hearing/the-role-of-pharmacy-benefit-managers-in-prescription-drug-markets-part-iii-transparency-and-accountability/.
[17]The Role of Pharmacy Benefits Managers in Prescription Drug Markets Part III: Transparency and Accountability: Committee on Oversight and Accountability, 118th Congress, July 23, 2024, available online at: https://oversight.house.gov/hearing/the-role-of-pharmacy-benefit-managers-in-prescription-drug-markets-part-iii-transparency-and-accountability/.

c. Mail-Order Generic Drug Pricing Comparison

While PBMs often maintain that mail-order pharmacies are cost saving solutions for their clients, a comparison between the pricing for the same basket of twenty commonly prescribed generic drugs runs counter to those assertions.[18]

Drug Name	Mail-Order	Owensboro Independent Pharmacy
Atorvastatin 20mg [90 tabs]	$27.37	$12.58
Bupropion ER (xl) 150mg [90 tabs]	n/a	-
Metformin ER 500mg [180 tabs]	n/a	-
Metoprolol tart 100mg [180 tabs]	$14.95	$8.15
Amlodipine besylate 10 mg [90 tabs]	$17.44	$5.00
Levothyroxine 100mcg [90 tabs]	$12.14	$4.39
Lisinopril 20mg [90 tabs]	$13.58	$10.01
Losartan Pot 50mg [90 tabs]	$17.13	$4.07
Omeprazole DR 10 mg [90 caps]	$21.32	$29.99
Esomeprazole Mag 20mg [90 caps]	$35.43	$45.99
Sertraline hcl 50mg [90 tabs]	$18.83	$2.83
Gabapentin 400mg [90 caps]	$24.51	$9.59
Clopidogrel 75mg 90 [tabs]	$30.86	$27.95
Escitalopram 20mg [90 tabs]	$26.49	$8.24
Fluoxetine 20mg [90 caps]	$18.15	$7.70
Simvastatin 20mg [90 tabs]	$24.84	$7.09
Montelukast Sod 4mg [90 tabs]	$25.21	$26.87
Topiramate 200mg [180 tabs]	$55.25	$20.92
Cephalexin 500mg [90 caps]	$14.09	$16.41
Cyclobenzaprine Hcl 10mg [90 tabs]	$13.69	$9.00
TOTAL	**$411.28**	**$256.78**

Indeed, in the aggregate, the mail-order pricing for the above eighteen commonly prescribed generics is 60% higher than the pricing at the Owensboro independent pharmacy.

This data should call into question long held presumptions regarding the favorable economics of mail-order pharmacies as well as the role PBMs play in setting prescription drug prices.

[18] https://info.caremark.com/oe/geha (standard option plan selected) (pricing tool accessed for prices in this report on August 15, 2024); see also https://www.caremark.com/memberportal/check-drug-cost/search?fastStyle=OE&logintype=oe&tokenID=09E4704791C53BA1B3740A3562348483; see also Jared S. Hopkins, "Mail-order drugs were supposed to keep costs down. It's doing the opposite," the Wall Street Journal, June 25, 2024, available online at: https://caaccess.org/mail-order-drugs-were-supposed-to-keep-costs-down-its-doing-the-opposite/.

d. Specialty Pharmacy Mark-Ups and Steering

GEHA's PBM's specialty pharmacy is the exclusive specialty pharmacy for drugs that appear on the plan's specialty drug list which means that in most cases, beneficiaries can only obtain drugs on the specialty drug list through the PBM-owned specialty pharmacy if they want the drugs covered. These drugs cannot be filled at retail community pharmacies.[19] Note, this type of plan design and implementation appears to squarely fall within the definition of steering under certain state laws.[20]

Set forth below are several drugs which the GEHA plan requires its beneficiaries to obtain from the PBM-owned specialty pharmacy along with, amongst other things, the cost of the medication as well as the national average drug acquisition cost price ("NADAC"), a drug pricing index maintained by the Centers for Medicaid and Medicare Services.[21]

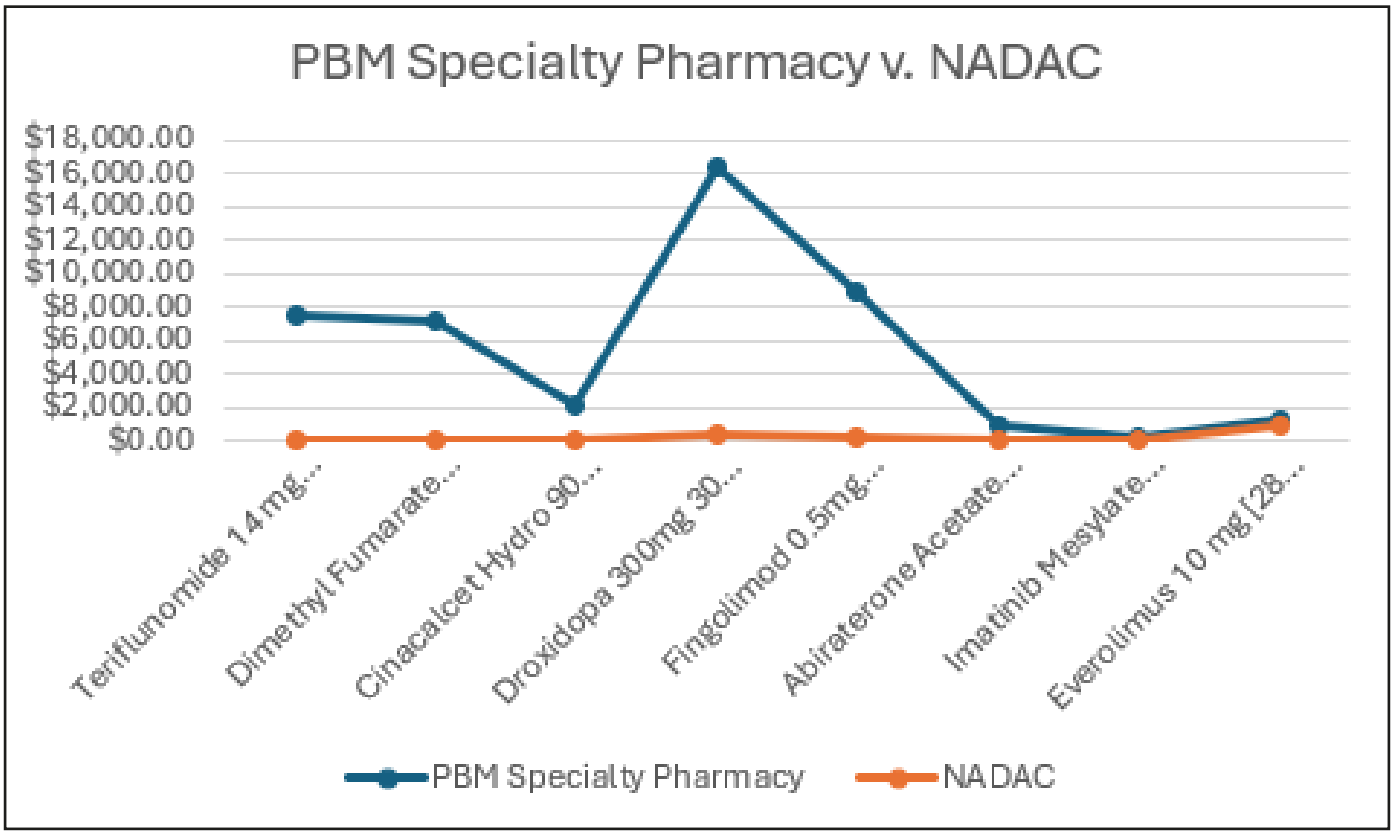
Drug Name	Disease State	PBM Specialty Pharmacy	NADAC	% Over NADAC
Teriflunomide 14 mg [30 tablets]	Multiple Sclerosis	$7,636.00	$16.20	47,000%
Dimethyl Fumarate 240 mg DR [60 capsules]	Multiple Sclerosis	$7,196.00	$71.00	10,000%
Cinacalcet Hydro 90 mg [30 tablets]	Chronic Kidney Disease	$2,080.00	$25.50	8,000%
Droxidopa 300mg [180 capsules]	Low blood pressure	$16,448.00	$448.20	3,500%
Fingolimod 0.5mg capsule [30 caps]	HIV	$8,931.00	$289.50	2,900%
Abiraterone Acetate 250mg [120 tablets]	Prostate cancer	$940.00	$91.20	930%
Imatinib Mesylate 100 mg [90 tablets]	Leukemia	$307.00	$36.90	731%
TOTAL		**$43,538**	**$978.50**	**4,300%**

[21] https://info.caremark.com/oe/geha ("CVS Specialty Pharmacy is GEHA's exclusive Specialty Pharmacy and most Specialty medications are limited to a 30 day supply.").

[20] See O.C.G.A. 33-64-1 ("Steering" means: (A) Ordering an insured to use its affiliate pharmacy for the filling of a prescription or the provision of pharmacy care; (B) Ordering an insured to use an affiliate pharmacy of another pharmacy benefits manager licensed under this chapter pursuant to an arrangement or agreement for the filling of a prescription or the provision of pharmacy care;(C) Offering or implementing plan designs that require an insured to utilize its affiliate pharmacy or an affiliate pharmacy of another pharmacy benefits manager licensed under this chapter or that increases plan or insured costs, including requiring an insured to pay the full cost for a prescription when an insured chooses not to use any affiliate pharmacy; or (D) Advertising, marketing, or promoting its affiliate pharmacy or an affiliate pharmacy of another pharmacy benefits manager licensed under this chapter to insureds. Subject to the foregoing, a pharmacy benefits manager may include its affiliated pharmacy or an affiliate pharmacy of another pharmacy benefits manager licensed under this chapter in communications to patients, including patient and prospective patient specific communications, regarding network pharmacies and prices, provided that the pharmacy benefits manager includes information regarding eligible nonaffiliated pharmacies in such communications and that the information provided is accurate; see also O.C.G.A. 33-64-7 (prohibiting steering).

[21] https://info.caremark.com/oe/geha (standard option plan selected) (pricing tool accessed for prices in this report on August 15, 2024); see also https://www.caremark.com/memberportal/check-drug-cost/search?fastStyle=OE&logintype=oe&tokenID=09E4704791C53BA1B3740A3562348483; see also 46

While the chart speaks for itself with regard to the mark-ups above NADAC, the below graph may be useful for some in visualizing the mark-ups over NADAC.



These mark-ups on "specialty medications" are consistent with findings uncovered in a recent 3 Axis report as well as prices cited by U.S. Congressman Jake Auchincloss in a recent House Oversight Committee hearing,[22] and fly in the face of any assertions that vertical integration in the pharmacy benefits marketplace leads to lower costs.

It also runs contrary to the claims by PBM representatives that independent pharmacies receive more favorable reimbursements than other pharmacies. Lower reimbursement to the independent pharmacies for the twenty generic drugs aside, the independent pharmacy finds itself unable to dispense and be reimbursed for the high-margin specialty medications. Instead, the high-margin specialty medications are reserved for and steered to the PBM-owned specialty pharmacy.

Conclusion and Policy Recommendations

The OIG audit of the Postal Worker's plan uncovered troublesome PBM practices despite the presence of a pass-through contract. These include (1) pharmacy price concessions and fees not being passed back to the plan and, (2) rebates, including those paid to an offshore Switzerland rebate aggregator, not being passed back to the plan.

Brooklyn NADAC Drug Pricing Dashboard; https://www.46brooklyn.com/visualizations (accessed August 2024).

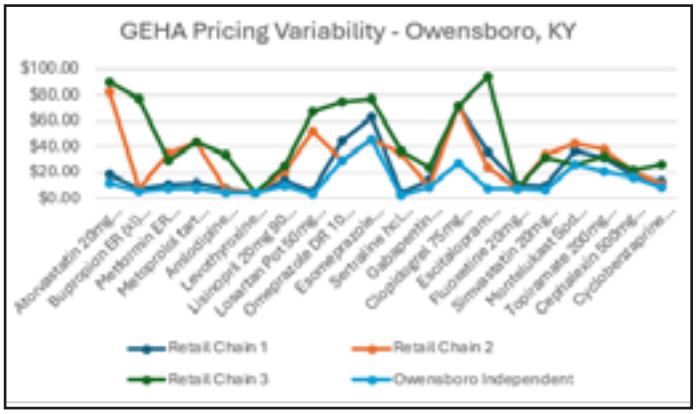
[22]Three Axis Advisors, Understanding Drug Pricing from Divergent Perspectives: State of Washington Prescription Drug Pricing Analysis, June 2024, available online at: https://www.3axisadvisors.com/projects/2024/6/25/understanding-drug-pricing-from-divergent-perspectives-state-of-washington-prescription-drug-pricing-analysis-jh92; The Role of Pharmacy Benefits Managers in Prescription Drug Markets Part III: Transparency and Accountability: Committee on Oversight and Accountability, 118th Congress, July 23, 2024, available online at: https://oversight.house.gov/hearing/the-role-of-pharmacy-benefit-managers-in-prescription-drug-markets-part-iii-transparency-and-accountability/

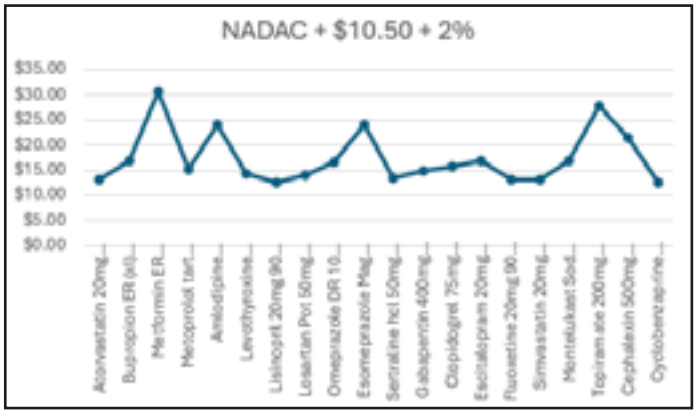
PBM practices uncovered in GEHA include (1) significant drug pricing variability in the generic medications reviewed; (2) lower reimbursement to the independent pharmacy; (3) patient steering to a PBM-owned specialty pharmacy; and (4) massive mark-ups over NADAC on the drugs which beneficiaries are required to obtain via the PBM-owned specialty pharmacy.

The FEHBP is one of the largest self-funded plans in the nation, and these practices impact drug pricing, patient choice, access to care, taxpayers, as well as the viability of community pharmacy. These practices and findings should compel comprehensive congressional action to rein in drug pricing manipulation, patient steering, and other PBM practices.

By moving to a NADAC market-based model, pricing variability, massive PBM mark-ups in the specialty space, and disparate treatment of independent pharmacies can be brought to a halt.

By way of example, the below charts compare the current price points across the four retail pharmacies which have seventy-three unique price points to moving to a NADAC + + model as contemplated in H.R. 9096, which was introduced by Congressman Jake Auchincloss and Congresswoman Diana Harshbarger.[23] In addition to providing one price for each drug across all pharmacies, moving to a NADAC + + model would provide a 28% increase in payment to the Owensboro independent pharmacy while saving 38% on the twenty generic drugs across the four retail pharmacies.



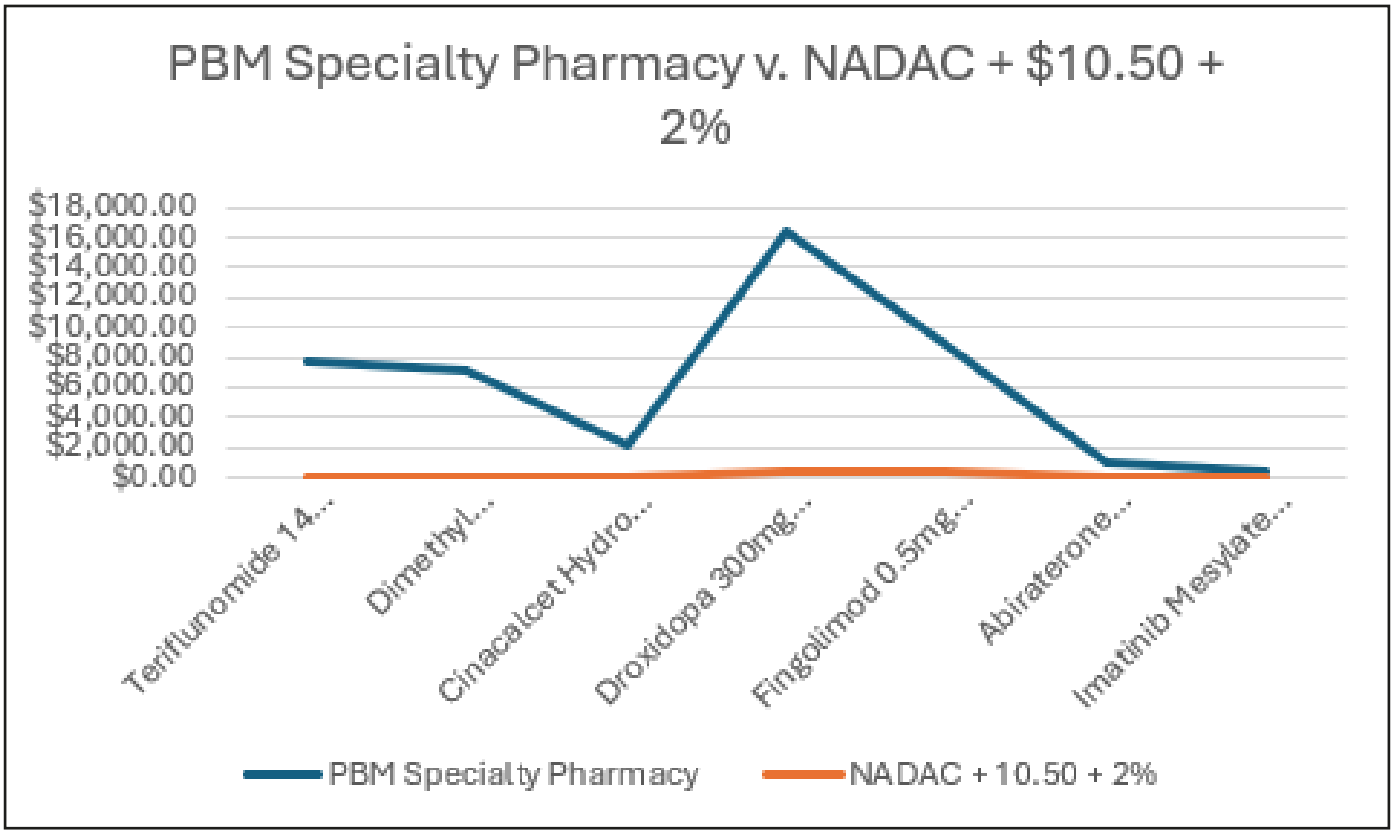


With regard to the specialty drugs, with a NADAC + + model the savings are even more compelling with a savings of over $42,000 across the seven identified drugs. Of course, annualized these savings are even more compelling.

Brooklyn NADAC Drug Pricing Dashboard; https://www.46brooklyn.com/visualizations (accessed August 2024).

[23]https://info.caremark.com/oe/geha (standard option plan selected) (pricing tool accessed for prices in this report on August 15, 2024); see also https://www.caremark.com/memberportal/check-drug-cost/search?fastStyle=OE&logintype=oe&tokenID=09E4704791C53BA1B3740A3562348483; see also 46

[24]Id.



Moving to a NADAC + + model for large federal healthcare plans as contemplated in H.R. 9096 not only removes drug pricing variability, it aligns the drug pricing experience between the patient, payer, and pharmacy with market prices while capping massive mark-ups over NADAC. There would be no more 47,000% mark-ups on drugs treating patients battling serious diseases.

In addition, H.R. 9096, amongst other things, would (1) prohibit PBM steering to PBM-owned or affiliated pharmacies; (2) preserve patient choice and network access to independent pharmacies; (3) prohibit imposing point of sale and retroactive fees on pharmacies; and (4) require PBMs to pass through 80% of drug manufacturer rebates to patients at the pharmacy counter.

Taken together, the solutions offered in H.R. 9096 promise to rein in the most problematic practices by PBMs in large federal healthcare plans and move to a transparent, market-based model in which the retail pharmacy market is stabilized, and patients have access to pharmacies of their choice with patient out-of-pocket costs based on drug prices net of drug manufacturer rebates. The findings here combined with the OIG findings in connection with the American Postal Workers Union Health Plan scream for comprehensive reform which should compel congressional action.

[25]H.R. 9096, available online at: https://www.congress.gov/bill/118th-congress/house-bill/9096?q=%7B%22search%22%3A%22hr+9096%22%7D&s=1&r=1.
[26]Id.