



# NEW STUDY:

## PBMS SET WILDLY VARIABLE PRESCRIPTION PRICES

“The findings of this study should raise alarm bells for every American. The largest PBMs in the world are setting drug prices and they are seemingly making it up as they go along... simply put, the system is broken and PBMs can no longer be trusted to set drug prices<sup>3</sup>.”

Greg Reybold, General Counsel and Director of Healthcare Policy for American Pharmacy Cooperative, Inc., a sponsor of the study.

A recent 3 Axis Advisors study found that drug chain intermediaries, **Pharmacy Benefit Managers (PBMs)**, overwhelmingly establish what patients pay out-of-pocket at the pharmacy counter. What's more, the prices paid vary wildly among brand and generic drugs.

### CASE STUDY: Eliquis®

Despite brand drug manufacturers setting just one price for a medicine, **PBMs set a wide variety of point-of-sale prices on each drug.** These prices determine the pharmacy's financial fate in the transaction and can determine what a patient or plan sponsor is charged by their PBM.

For example, **significantly varied PBM claims** for Eliquis®, a popular medication used to treat and prevent blood clots, **resulted in a nearly \$100 difference in price at the pharmacy counter.** This could have more than \$1,000 in annualized impact for the lowest to highest price points set the same PBM.

The study also found that **seniors in Medicare were often charged PBMs' most inflated prices.**



## Additional Study Findings

Generic drug prices at the pharmacy counter are predominately disconnected from the manufacturer list price and are established by propriety PBM prices.

On a single day, one pharmacy was paid five unique prices for the same drug (by the same PBM), ranging from a low of \$9.30 to a high of \$96.

In another instance, **PMBS SET**

**117 DIFFERENT PRICE POINTS**

**FOR A VERSION OF THE ANTI-INFLAMMATORY DRUG**

meloxicam in 2020 varying by a difference of more than \$200 per prescription points - **despite no documented changes** in the underlying cost of the drug.

Average unit prices paid for drugs are **higher when patients and health plans are sharing the costs** rather than when health plans bear that responsibility alone.

For medicines that saw no documented changes in pharmacy acquisition cost throughout 2020, prices set by the PBM were greater when patient cost share existed compared to when patients were not required to help pay for the drug's cost.

Retail pharmacies can experience their **most lucrative profit margins and worse financial losses on the same generic drug** because of varying PBM reimbursement levels.

For example, within the claims where pharmacies lost and made the most margin, the same drugs were present in both extremes 44.6% of the time - meaning that the same drug could be responsible for both the highest profits and the biggest losses for pharmacies.

The opacity surrounding PBM rebate negotiations, formulary placements, proprietary pricing lists, and patient cost-sharing arrangements often leads to confusion among patients, healthcare providers, and plan sponsors about what drug costs actually are<sup>1</sup>.

Although it is generally assumed that brand drugs can carry the greatest affordability challenges, patients are absorbing higher out-of-pocket costs, on average, on generic drugs compared to brands.

The analysis shows patients are paying \$28.27 out-of-pocket for every \$100 of generic costs compared to \$6.51 for brands.

**Commercial beneficiaries were most frequently exposed to full claim costs**, paying the entire PBM-set price 59% of the time.

This means that most patients with prescription drug benefits through their employer are paying full prices without financial support from their health insurer and PBM.

While these disparate pricing experiences can have a significant impact on pharmacy providers and health plan sponsors, the most obvious and important impact is felt by the patient, whose costs for their medicines are often derived by the point-of-sale prices that are yielded by their health benefit plan and PBM<sup>2</sup>.

<sup>1</sup>[www.3axisadvisors.com/projects/2023/9/19/unravelling-the-drug-pricing-blame-game](http://www.3axisadvisors.com/projects/2023/9/19/unravelling-the-drug-pricing-blame-game)

<sup>2</sup>[www.3axisadvisors.com/projects/2023/9/19/unravelling-the-drug-pricing-blame-game](http://www.3axisadvisors.com/projects/2023/9/19/unravelling-the-drug-pricing-blame-game)

<sup>3</sup>[www.apcinet.com/APCINews/TabId/416/ArtMID/1695/ArticleID/6424/Study160PBMs-setting-wildly-variable-prescription-prices-for-patients-at-the-counter.aspx](http://www.apcinet.com/APCINews/TabId/416/ArtMID/1695/ArticleID/6424/Study160PBMs-setting-wildly-variable-prescription-prices-for-patients-at-the-counter.aspx)