

talking points

Explain who Pharmacy Benefit Managers are and what do they do?:

- Pharmacy Benefit Managers (PBMs) are companies that contract with health plans to assist them with processing prescription drug claims, managing a plans' prescription drug benefit programs, and also offer any additional consultative services.
- They act as a third-party administrator of prescription drug programs for commercial health plans, self-insured employer plans, Medicare Part D plans, the Federal Employees Health Benefits Program, and state government employee plans.
- PBMs administer drug plans to more than 266 million Americans.
- The biggest PBM companies are Express Scripts, CVS Health, and OptumRx.

State why PBMs have been under the spotlight:

- Historically, PBMs have operated in the shadows of the pharmaceutical supply chain.
- However, due to the rising costs of drug prices, the public, media, and law makers both at the State and Federal level are finally looking more closely at the role that PBMs play in the prescription drug market and their business practices.

Provide examples of bad PBM practices that affect pharmacy and patients:

- Rebate Pumping: PBMs often favor higher-cost drugs on a formulary because the PBM can negotiate a higher rebate, which they retain as profit.
- Spread Pricing: PBMs charge the health plan a higher cost than what it pays to the pharmacy. This can lead to higher costs for the plan sponsor, which in turn can increase premiums and co-pays for patients.
- Claw-backs: After a prescription is filled, PBMs retroactively recoup the difference between a patient's copay and the actual price of a drug when the copay amount is higher. It is important to note that the PBMs require a pharmacy to collect a copay from a patient that is set by the PBM. If the patient copay imposed by the PBM is higher than the ultimate reimbursement to the pharmacy, the PBM claws back the excess copay from the pharmacy, keeping it as a profit.
- Gag Clauses: Many PBM contracts contain "gag clauses", which for example, forbid pharmacies from informing patients when a cash price for a medication would be less than the copay amount, or that the patient has appeal rights with the PBM if they wanted to stay with the community pharmacy of their choice instead of being directed into the PBM-owned mail order to community pharmacy.
- Rebate retention: PBMs retain a portion of the drug manufacturer rebate as profit instead of returning full amount to the consumer or health plan.
- Patient Steering: PBMs require patients to transfer prescriptions to the PBM-owned mail-order or community pharmacies or the consumer faces higher copay amounts for their medications.
- ***Include your own personal stories how PBMs have affected your pharmacy and/or the patients you serve.***

Explain the problem:

- PBMs for the most part, get away with these unfair and anti-competitive business practices simply because they are unregulated.
- This lack of oversight over PBMs has caused them to have control and influence over the prescription marketplace which has been detrimental to the patients we serve and our own pharmacy practice.

See backside for additional talking points ►

AB 315 (WOOD)

PHARMACY BENEFITS MANAGERS (PBMs)



talking points

Provide why AB 315 (Wood) will solve the problem and what the bill does:

- Assembly Bill 315 solves the PBM regulation issue by authorizing the Department of Managed Health Care to oversee the licensure and duties of PBMs.
- AB 315 will shed light on PBM practices and will force them to become more transparent.
- This bill also requires PBM companies to set up fair contracts with pharmacy providers.
- PBMs will have to notify pharmacies of any material changes to a contract at least 30 days before the date change.
- In the bill, it also states that PBMs will no longer be allowed to use language in their pharmacy contracts that prohibits pharmacists from informing patients about less costly alternative drugs.
- In addition, PBMs will no longer be allowed to use language in their contracts that prohibits pharmacies from dispensing medications to patients who are allowed to receive medication owned by the PBM.
- Lastly, this bill will provide pharmacies a toll-free provider line operated by the Department of Managed Health Care to report any PBM violations.

Ask for their support:

- As your constituents, we are kindly asking for your support on this issue.
- Given the information that we have provided, we hope you consider voting yes for AB 315 (Wood) when the opportunity comes for you to vote on this bill.

Offer to answer any questions:

- We're happy to do our best in answering any questions that you might have.

Thank them for listening:

- Thank you for taking the time out of your busy day to hear our concerns and we thank you for your service.
- Please don't hesitate to contact me in the future for any pharmacy related questions.