

PBMs are Lining Their Pockets With Millions of Dollars at the Expense of Patients and Taxpayers



1. PBMs Set Prescription Drug Prices to Produce Millions for Themselves

PBMs unilaterally set prescription drug prices paid to pharmacies across the state and stack the deck to generate higher profits for pharmacies they own. In one Florida city, CVS, Publix, and an independent pharmacy were paid wildly different rates for the same drug. For the drug Aripiprazole, PBM-owned CVS was paid \$11.18 per pill. But the independent pharmacy was paid only 53 cents per pill and Publix was paid even less – about 24 cents per pill.

SOURCE: Page 4, Key Takeaways from 3 Axis Advisors Study

2. Bait-and-Switch Policies are Costing Florida Taxpayers Millions

The state has one preferred drug list that it requires PBMs to use, which helps Florida's Medicaid program stretch scarce federal and state dollars by selecting drugs with the lowest net cost. But PBMs and managed care plans don't always adhere to the state's Medicaid preferred drug list, which results in the loss of significant rebates to the state, while generating greater profits for themselves. This costs Florida's taxpayers conservatively an average of \$30 million each year in lost rebates.

SOURCE: Page 4, Key Takeaways from 3 Axis Advisors Study

3. PBMs are Steering Medicaid Profits Back into Their Pockets

Despite only filling less than 1 percent of prescriptions in Florida, specialty pharmacies affiliated with PBMs and managed care companies raked in 28 percent of the available pharmacy dispensing profits in 2018. That's approximately \$13 million in profit from the Florida Medicaid Program that PBMs and managed care plans put back in their pockets by steering patients to their hand-picked pharmacies.

SOURCE: Page 2, Key Takeaways from 3 Axis Advisors Study

4. Neighborhood Pharmacies are Going Bankrupt Serving Medicaid Patients

While PBM profits skyrocket, neighborhood pharmacies across Florida are going out of business. Florida's Medicaid fee-for-service program currently sets the per-claim dispensing fee for pharmacies at \$10.24. But an analysis of the top managed care organizations and PBMs found that neighborhood pharmacies were only paid \$2.72 per Medicaid prescription in 2018 – enough to cover just 27 cents on the dollar to operate their pharmacies. This is one of the primary reasons why more than 270 independent pharmacies have gone out of business in Florida since 2016.

SOURCE: Page 2, Key Takeaways from 3 Axis Advisors Study

“PBMs as middlemen can't set the price of drugs and own the end retailer because it corrupts the marketplace.”

-Rep. Randy Fine

“The power and control of PBMs has grown significantly over the last five to ten years. What we're seeing is insurance companies owning PBMs and PBMs owning insurance companies. What is happening in the long run is the price of prescriptions are going up.”

-Sen. Gayle Harrell