

## **Why a PBM Excise Tax Will Increase Drug Costs**

**An excise tax on pharmacy benefit managers (PBMs) will be passed on to all insured consumers – including union members, seniors, and at-risk populations – who take prescription drugs.**

- Individual prescription drug costs will increase, as will premium costs.
- An excise tax would add to the tax bill for unions and employers that currently provide prescription drug coverage.
- More comprehensive drug coverage, such as union-based “Cadillac plans,” will be disproportionately affected since they have higher prescription drug spending.
- This new tax would reduce the affordability of any new drug coverage that will be provided through the exchange.

**Comprehensive health benefits, including prescription drugs, are already taxed under the Affordable Care Act.**

- An excise tax on PBMs, vendors to health plans for drug benefits, would amount to double taxation on employers, insurers, and PBM payer clients who would already carry a significant part of this cost.

**Increased drug costs have been shown to reduce both the initial filling of a prescription and filling of refills, affecting treatment adherence.**

- An excise tax on pharmacy benefit managers will increase prescription costs, and thus affect beneficiaries’ ability to fill their prescriptions.