

PRESCRIPTION DRUG PRICES, PBMs, AND PHARMACIES IN NEW YORK

PBMs are advocates for consumers in the fight against high list prices

PBMs will save
\$39.9B
 across all New York health programs over ten years.¹

PBMs saved
\$3.8B
 5 year period (2011–2016) in New York Medicaid.²

SAVINGS ARE REALIZED THROUGH:

- ✓ Encouraging the use of generic and lower cost brand drugs
- ✓ Reducing waste and increasing adherence
- ✓ Negotiating price concessions with drug manufacturers
- ✓ Creating networks of affordable, high quality pharmacies
- ✓ Providing clinical support to patients taking specialty medications



Drug makers alone set the price of drugs

Although PBMs negotiate with drugmakers to bring down the net cost of Rx drugs, manufacturers are ultimately responsible for setting the list prices of their products. **PBMs drive prices down by forcing manufacturers to compete with one another.**



PBMs pass through to clients the significant majority of rebate dollars (90% or more) in commercial health programs.



Nearly 6 out of 10 pharmacies in New York are independent pharmacies⁴

Independent pharmacies say they're getting squeezed out of business, but NCPA states the number nationally has been "holding pretty steady" for several years.⁵ **In New York, between 2010 and 2019, the number grew from 2,185 to 2,813.⁶**

PBM profit margins are the smallest in the pharmaceutical supply chain³



At 2.9%, PBMs make the least amount of profit in the entire pharmaceutical supply chain.

¹ Visante, PBMs: Generating Savings for Plan Sponsors, Feb. 2016.

² United Health Group, Pharmacy Benefit Management Can Save Medicaid Drug Programs Over \$100B, available at www.unitedhealthgroup.com

³ The Flow of Money Through the Pharmaceutical Distribution System, Schaeffer Center for Health Policy & Economics, USC, June 2017, available at healthpolicy.usc.edu.

^{4,6} Independent Pharmacy Market: Quest Analytics analysis of NCPDP dataQ data, 2019.

⁵ Independent Pharmacies Fight to Survive in Colorado Springs, Gazette, Dec. 1, 2018.