PRESCRIPTION DRUG PRICES, PBMs, AND PHARMACIES IN ILLINOIS

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

PBMs will save
$25.93B
across all Illinois health programs over ten years.[1]

PBMs will save
$11.75B
via mail-service and specialty pharmacies (2015–2024).[2]

PBMs saved
$339.6M
5 year period (2011–2016) in Illinois Medicaid.[3]

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.**
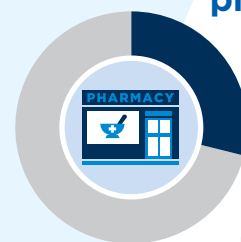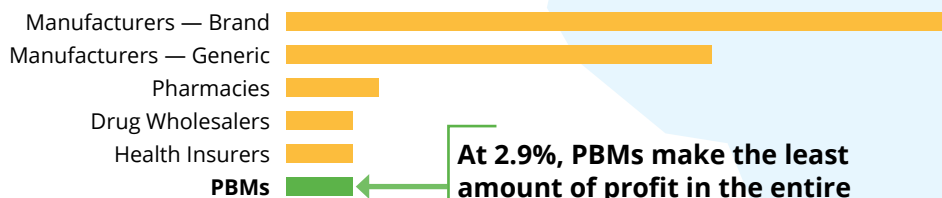
PBMs put downward pressure on cost.

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

More than 1 in 4 pharmacies in Illinois is an independent pharmacy[5]

Independent pharmacies say they're getting squeezed out of business, but NCPA states the number nationally has been "holding pretty steady" for several years.[6]

PBM profit margins are the smallest in the pharmaceutical supply chain[4]

Manufacturers — Brand	
Manufacturers — Generic	
Pharmacies	
Drug Wholesalers	
Health Insurers	
PBMs	

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 Visante, Mail-Service and Specialty Pharmacies to Save More than $300 Billion Over 10 Years, 2014.
3 United Health Group, Pharmacy Benefit Management Can Save Medicaid Drug Programs Over $100B, available at www.unitedhealthgroup.com
4 The Flow of Money Through the Pharmaceutical Distribution System, Schaeffer Center for Health Policy & Economics, USC, June 2017, available at healthpolicy.usc.edu.
5 Independent Pharmacy Market: Quest Analytics analysis of NCPDP dataQ data, 2019.
6 Independent Pharmacies Fight to Survive in Colorado Springs, Gazette, Dec. 1, 2018.

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