

PRESCRIPTION DRUG PRICES, PBMs, AND PHARMACIES IN NEW JERSEY

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

PBMs will save

\$19.08B

across all New Jersey health programs over ten years.¹

PBMs will save

\$10.8B

via mail-service and specialty pharmacies (2015–2024).²

PBMs saved

\$898.6M

5 year period (2011–2016) in New Jersey 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.

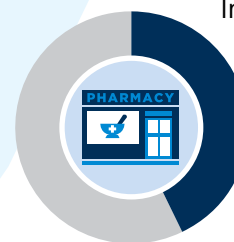


PBMs put downward pressure on cost.



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

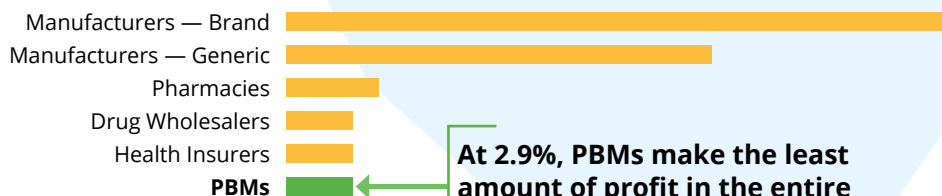
44% of pharmacies in New Jersey are independent pharmacies⁵



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

In New Jersey, between 2010 and 2019, the number grew from 272 to 896.⁷

PBM profit margins are the smallest in the pharmaceutical supply chain⁴



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.

^{5,7} Independent Pharmacy Market: Quest Analytics analysis of NCPDP dataQ data, 2019.

⁶ Independent Pharmacies Fight to Survive in Colorado Springs, Gazette, Dec. 1, 2018.