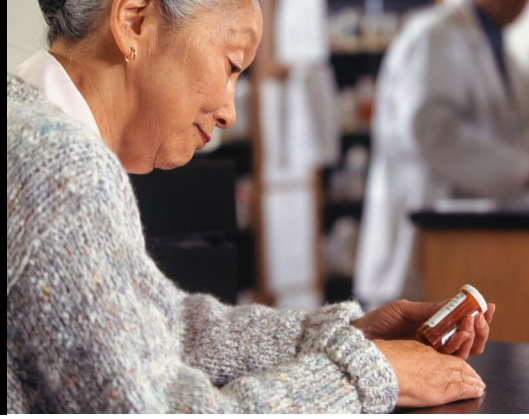
New Independent Government Reports Show PBM Rebates Reduce Rx Costs in Medicare Part D



The U.S. Government Accountability Office (GAO) and the U.S. Department of Health and Human Services, Office of Inspector General (OIG) both released reports confirming that PBM-negotiated rebates lower prescription drug costs in Medicare Part D.

GAO
U.S. GOVERNMENT ACCOUNTABILITY OFFICE

- The GAO found that virtually all - 99.6% - of prescription drug rebates negotiated by PBMs with drug manufacturers in Medicare Part D are passed through to drug plan sponsors.
- The GAO highlighted that rebates are used by plan sponsors to lower costs and control premiums for beneficiaries.
- The GAO found that PBM-negotiated rebates kept Part D spending 7% lower than it would have been without rebates.

Source: U.S. Government Accountability Office report: "Use of Pharmacy Benefit Managers and Efforts to Manage Drug Expenditures and Utilization," July, 2019

- The OIG found that in Part D, rebate-adjusted spending on brand drugs with rebates increased just 4% instead of the 19% price increases that would have occurred without rebates.
- The OIG found increases in spending were not related to changes in rebates: 39.3% of rebated brand drugs had spending increases and rebate decreases, while 56.3% of rebated brand drugs had spending increases and rebate increases.
- The OIG found only a small fraction of drugs - 10% - accounted for 60% of rebate growth between 2011 and 2015.

Source: U.S. Dept. of Health & Human Services, Office of Inspector General, "Rebates for Brand-Name Drugs in Part D Substantially Reduced the Growth in Spending from 2011 to 2015," September, 2019

PBM negotiations drive down costs for beneficiaries and plan sponsors.

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