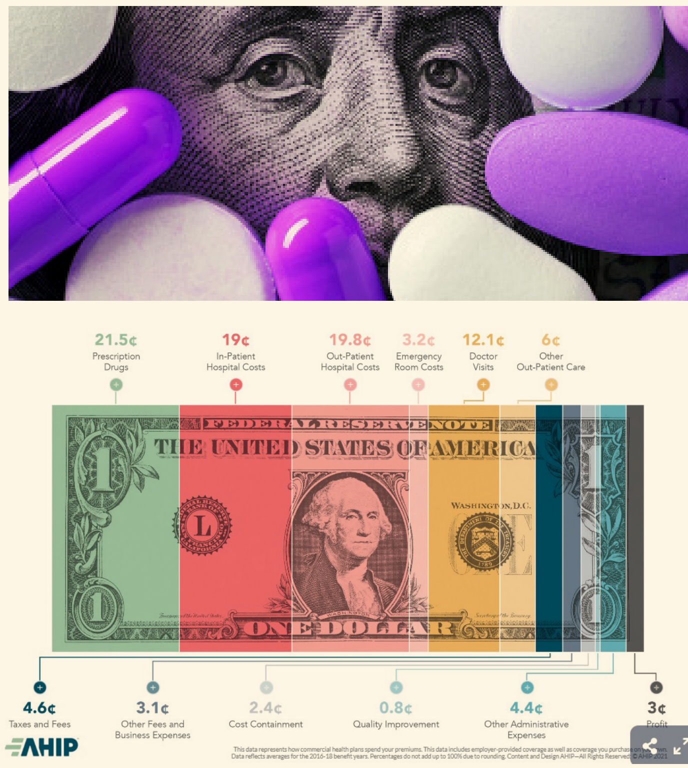
CAHP
Colorado Association of Health Plans

ISSUE PRINCIPLES

PBM Principles

Pharmacy Benefit Managers: Helping support carriers to reduce costs to consumers

Every person deserves access to the medications they need at a price they can afford, especially those who can least afford them. We should not have to choose between innovation and affordability. Pharmacy benefit managers (also known as PBMs) help to bring down the price of medications for consumers by negotiating with providers, hospitals, and pharmaceutical companies to get the best value. Health plans and PBMs are not middlemen. We fight for lower prices.



21.5 cents of every health care dollar go into the pockets of Big Pharma

CAHP's principles:

1. The problem is the price of prescription drugs. Big Pharma alone controls the price. In January 2022, Big Pharma increased drug prices for the fourth time since the beginning of the pandemic, increasing prices on 785 brand name drugs with an average price increase of nearly 5%. [1]

2. PBMs are the only downward pressure on prices. PBMs drive prices down by forcing manufacturers to compete with one another for formulary placement, but this happens only when there are competing drugs in the market. PBMs are the only market force pressuring drug manufacturers to lower their prices.

3. Savings from rebates go directly to consumers at the point of sale or to reduce the cost of the premium. Consumers absolutely benefit from rebates. From 2020 to 2029, it's estimated that the current use of PBM tools will save health plan sponsors and consumers more than $1 trillion. [2]

HERE ARE THE FACTS:

- Colorado saw an average year-over-year increase in pharmaceutical trend of **15%** from 2015 - 2019. [3]
- Over **47%** of new drugs introduced in 2020 and 2021 cost more than **$150,000** per year, compared to just **9%** of new drugs from 2008 to 2013. [4]
- A January 2022 CBO report shows that nationwide per capita spending on prescription drugs increased from **$140** in 1980 to **$1,073** in 2018. Those spending amounts are net of rebates and discounts. [5]

Nobody—aside from pharmaceutical companies—benefits from out-of-control drug prices, and that is why health plans and our partners work hard on behalf of patients and consumers to negotiate lower prices. Policy solutions should focus on lowering prescription drug prices by increasing market competition, transparency of drug manufacturer prices, and consumer education.

1. House Committee on Oversight and Reform: Drug Pricing Report.
2. Visante, Pharmacy Benefit Managers (PBMs): Generating Savings for Plan Sponsors and Consumers, January 2020.
3. Division of Insurance Health Cost Reports 2015-2019.
4. Trends in Prescription Drug Launch Prices, 2008-2021, JAMA 2022.
5. Congressional Budget Office: Prescription Drugs: Spending, Use, and Prices, January 2022.