THE TRUTH ABOUT PBMS AND THEIR VALUE TO OHIOANS

As students of politics and business will recall, “There you go again” was the defining phrase of the 1980 U.S. Presidential campaign. Future President Ronald Reagan used it to devastating effect to highlight yet another mischaracterization of his record by his opponent. The phrase has endured in the political lexicon as a way to quickly imply that one is engaged in hyperbole.

Reagan’s memorable put down line is called to mind when reading about the false accusations made repeatedly by some pharmacies about pharmacy benefit managers (PBMs) in general and CVS Caremark in particular over the past several weeks. Let’s take some time to examine the truth behind these hyperbolic accusations.

The truth: PBMs are projected to save employers, unions, government programs and consumers some $650 billion on drug benefit costs over the next decade. Just last year, CVS Caremark kept drug price growth essentially flat for our PBM clients despite inflation of drug manufacturers’ list prices of near 10 percent. In addition, we return approximately 95 percent of discounts and other negotiated price concessions (e.g., rebates) to our clients and their members. This has saved Ohio taxpayers, state residents and Dispatch readers millions of dollars.

The truth: Millions of people benefit from PBMs’ ability to leverage our combined client base to negotiate discounts from drug manufacturers, encourage the use of low-cost generics, and offer clinical programs that help people stay on their medications. In fact, PBMs have a demonstrated track record of positively impacting the problem of medication non-adherence that costs the health system up to $300 billion annually.

The truth: CVS Caremark does not now and has never engaged in the practice of copay clawbacks or gag clauses. Any independent pharmacy in our network can confirm that our contracts stipulate that the patient should always get the benefit of the lower price between the pharmacy’s cash price and the plan’s copay.

The truth: While the independent pharmacy lobby continues to perpetuate the falsehood that CVS Caremark wants to drive independents “out of business,” the facts tell a different story.

Independent pharmacies make up about 40 percent of our retail pharmacy network and are critically important in dispensing medication to our members. Over the past five years, the number of independents in our network has grown by more than 2,000 locations, while the number of chain pharmacies in our network has stayed flat. The independent pharmacy lobby crying the blues is akin to the NBA champion Golden State Warriors complaining that the rules of basketball are stacked against them. In fact, the three-time champion Warriors and the $88 billion independent pharmacy industry are both huge and doing just fine, thank you.

The truth: Independent pharmacies often balk at the reimbursement we provide, insisting they deserve to be paid more for their services, but we already reimburse independent pharmacies at a higher rate on average than other pharmacies in our network, including CVS Pharmacy. Our job is to provide a cost-effective benefit for our clients and their members and increasing
the rates for independent pharmacies just to meet their demands would be at the expense of patients, payors, and in the case of Ohio’s Managed Medicaid plans – taxpayers. In fact, the Ohio Department of Medicaid has found it would cost the state approximately $132 million more annually if they did not employ managed care tools for Medicaid claims.

The truth: Independent pharmacies are not being forthcoming about their actual costs for acquiring medications. PBMs are not the only source of reimbursements and discounts they receive for the drugs they dispense. They negotiate collectively through larger organizations and receive substantial discounts from manufacturers and wholesalers, which is not reflected when they cherry-pick claims to accuse PBMs of “under-reimbursing” them.

Similarly, recent accusations about supposed delays in medication for cancer patients are misleading and another example of health care providers resorting to scare tactics in the media to preserve their own revenues. The truth is our clients have the option to select CVS Specialty as the exclusive pharmacy for specialty medications in order to manage costs and provide comprehensive medication therapy and adherence services. We also offer plan designs that include select physician or clinic dispensing for specialty medications. In cases where a patient belongs to a plan with exclusive specialty, we work with the patient to ensure that they have their prescription when they need it to begin their therapy, shipping medications for next-day availability when necessary and scheduling the delivery of refills to prevent any interruptions in care.

The night that soon-to-be President Reagan shook his head mournfully at the exaggerations and falsehoods of his critics was almost 40 years ago. But Dispatch readers would do well to keep The Gipper’s famous phrase in mind when they read about self-interested parties and their repeated assaults on the truth about an industry that saves them money. “There they go again…”

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