

# LONG-TERM CARE PHARMACIES BELIEVE PATIENTS DESERVE AFFORDABLE, ACCESSIBLE MEDICATION; PHARMACY BENEFIT MANAGERS PUT PROFIT OVER CARE AND REFUSE TRANSPARENCY

## Unregulated PBM consolidation across the health sector increases consumer costs, delays access to medications, and puts independent LTC pharmacies out of business

Pharmacy Benefit Managers (PBMs) serve as middlemen, administering prescription drug plans (PDPs) and negotiating confidential contracts with pharmaceutical manufacturers, wholesalers and pharmacies. But in recent years, consolidated power in the drug pricing system has expanded PBM power far beyond its intended function. In addition to a growing concentration of owned and affiliated pharmacies, most PBMs are also integrated within the distribution chain, health insurance, and healthcare provider markets, incentivizing predatory behaviors and providing outsized power over independent or specialty long-term care (LTC) pharmacies. For too long, PBMs have wreaked havoc on a system meant to provide better patient health outcomes – without accountability.

### DID YOU KNOW?

Just three PBMs – Caremark, ExpressScripts and Optum – process nearly 75% of all prescriptions dispensed in the US, and more than 90% of all prescriptions for long term care (LTC) pharmacies. In other words, today's PBMs are oligopolies.

Members of the [Senior Care Pharmacy Coalition](#) (SCPC) have witnessed the dangers of PBMs first hand and flagged bad actors to CMS while advocating for Congress to thoroughly investigate their oligopolistic business model. LTCs are committed to providing high-quality patient care across settings including in skilled nursing facilities, assisted living communities, senior living environments, and private homes, but PBM predatory business practices threaten their ability to provide this desperately needed care. Lowering drug prices and increasing medication access for all consumers, especially those with medically complex and chronic conditions, should be a bipartisan issue prioritized by members of Congress and the Administration – and must include a thorough review of PBM practices, as well as securing protections for independent pharmacy.

### PROBLEM: PBMs ENGAGE IN OPAQUE AND PREDATORY BUSINESS PRACTICES

In today's complex drug pricing debates, two PBM behaviors are particularly problematic:

- 1. Predatory Pricing:** PBMs charge pharmacies a series of opaque and unjustified fees (effectively, “pay to play”), including so-called Direct and Indirect Remuneration (DIR) fees, and manipulate pricing methodologies like Maximum Allowable Cost (MAC) pricing. Often buried in lengthy contractual language, these fees punish independent LTC pharmacies, effectively coercing independent businesses to either sell to the PBM at a loss, or operate in the red. Additionally, PBMs exploit medication screening mechanisms such as prior authorization (PA) or step therapy to apply additional fees that “squeeze” independent LTC pharmacies.
- 2. Consolidation and Integration:** PBMs alone are the tip of the iceberg in the pricing debate. With ever-growing consolidation across not only the pharmacy market but also health insurance, distribution, and provider markets, today's PBMs are oligopolies that wield outsized influence over drug prices and market behavior – punishing independent business owners and, ultimately, consumers.

### SOLUTION: RESTRUCTURE PBM REGULATIONS & INCENTIVES

- **REQUIRE TRANSPARENCY.** Congress must ensure CMS has the power to regulate and monitor the industry and Congress must pass legislation that guarantees consumers and regulators have access to drug pricing information. LTC pharmacies administer and manage daily medications for millions of seniors and young people with disabilities who rely on prescriptions to manage their quality of life. Securing protection for these independent pharmacies is an essential component of drug pricing reform.
- **DIRECTLY LIMIT PREDATORY PRACTICES LIKE DIR FEES AND MAC PRICING MANIPULATION.** A growing number of PBM business practices violate Antitrust Laws, with conglomerates that span multiple markets, and must be thoroughly investigated.

PBMs claim their role in the drug distribution chain is to drive efficiency by negotiating drug discounts on behalf of purchasers like large employers and health plans. While this may have been true 10 or 20 years ago, today, PBMs act as a destructive force in the drug distribution system, taking profits for themselves at a cost to patients, pharmacies and the federal government.

It is time for thorough congressional investigation into PBM pricing and other predatory practices, including their impact on independent LTC pharmacies and their patients. Consumers and CMS must have access to drug pricing information relevant to seniors residing in LTC facilities.