



Pennsylvania Department of the

# AUDITOR GENERAL

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## News for Immediate Release

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### **Auditor General DePasquale Holds Forum on Drug Pricing Transparency**

*Local pharmacists discuss how pharmacy benefit managers affect prices they charge customers*

**BETHLEHEM** – Auditor General Eugene DePasquale today hosted the first public forum to discuss the impact pharmacy benefit managers (PBMs) have on the prescription drug industry, including on the price consumers pay for their medications at the pharmacy counter.

“As consumers face rising prescription drug costs, states across the country are struggling with the role of pharmacy benefit managers because there is currently no state or federal oversight,” DePasquale said. “Taxpayers and businesses deserve more transparency in the pricing of prescription reimbursements than is currently required, and I want to fix that.”

DePasquale was joined by Rep. Doyle Heffley, who also spoke during the hearing, which was the first regional forum on the PBM issue in Pennsylvania.

“I want to make sure that consumers always know how to get the best price possible for the prescriptions they need,” DePasquale said.

The event, at Northampton County Community College, featured these speakers:

- **Dr. Kim Legg Corba**, owner of Green Hills Direct Family Care in Allentown,
- **Edward J. Bechtel**, owner of Bechtel’s Pharmacy Inc. in Slatington,
- **John Pavis**, owner at Newhard Pharmacy in Northampton,
- **Vincent Hartzell**, pharmacist at Hartzell’s Pharmacy in Catasauqua, and
- **April Alexander**, assistant vice president of state affairs for Pharmaceutical Care Management Association.

In June, DePasquale [launched a review](#) focused on practices by PBMs, which negotiate with drug companies and insurers to help define which drugs are covered by health insurance plans and set the drug reimbursement rates for community and chain pharmacies. Information from today’s hearing will be included in a special report from the auditor general later this year.

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**EDITOR’S NOTE:** *Following is a one-page fact sheet on PBMs.*

## What is a PBM?

**Pharmacy benefit managers** (PBMs) negotiate with drug companies and health insurers to define which drugs are covered by health insurance plans and to set drug reimbursement rates.

## Why do PBMs matter?

Pennsylvania taxpayers paid **\$3.4 billion** to PBMs in 2017, according to the Department of Human Services (DHS). That's **up** from **\$1.8 billion** in 2013.

## How does it affect me?

The **price you pay** at the pharmacy counter is affected by the amount of money that PBMs reimburse the pharmacist for your medications.

# PBMs fact sheet

## How does it work?

DHS contracts with insurance companies, called managed care organizations (MCOs), and MCOs contract with PBMs.

Because PBM agreements are subcontracts, **the state has zero oversight** of how the money is spent, nor does it have access to data about the pharmaceutical prices being charged.

## Who are PA's top PBMs?

CVS/Caremark

Optum Rx

ESI (Express Scripts Inc.)

Perform Rx

