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Auditor General DePasquale Highlights Efforts to Keep Prescription Drug Costs Under Control, Scrutinize Pharmacy Benefit Managers

HARRISBURG – Auditor General Eugene DePasquale today urged the General Assembly to reduce Medicaid prescription costs by increasing the transparency of how pharmacy benefit managers do business. Pharmacy benefit managers, or PBMs, act as middlemen between drug manufacturers and pharmacists.

Addressing the Pennsylvania Pharmacists Association lobby day at the Capitol, DePasquale said many other states have already passed legislation aimed at making PBMs' practices more transparent so that state leaders can ensure taxpayer dollars are not just lining PBMs' pockets with no oversight.

"I believe a major part of the reform process is promoting transparency," DePasquale said.

In December, DePasquale issued a [special report](#), "Bringing Accountability and Transparency to Prescription Drug Pricing," which noted that Pennsylvania taxpayers paid \$2.86 billion to PBMs for Medicaid enrollees in 2017. That marked an increase of 100 percent in just four years, up from \$1.41 billion in 2013.

"Dozens of pharmacists have told me that large PBMs, many of which have ties to chain pharmacies, have consistently shortchanged local pharmacies. They've done this by reducing reimbursement rates without warning, steering consumers towards more expensive pharmacies, and hiding behind a veil of secrecy."

In February, he issued a [follow-up report](#) focused on manufacturer rebates passed behind the scenes between drug makers, PBMs and insurance providers – never reaching consumers.

"Instead of getting a flat fee per prescription, PBMs get a percentage of the total cost of the drug – which can have the unintended consequence of keeping lower-cost drugs from being added to their lists of covered medications," DePasquale said.

DePasquale supported the Pharmacists Association's push to reform the state Medicaid office's relationship with PBMs and to eliminate all contract clauses that prevent pharmacists from talking about access to lower-cost drugs. He also called for legislation allowing the state to perform a full-scale annual review or audit of subcontracts with pharmacy benefit managers.

Review both special reports and learn more about the Department of the Auditor General online at www.paauditor.gov.

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