

New Exposé Reveals Pharmacy Benefit Manager Tactics That Hurt Patients, Providers, Employers, and Taxpayers

COA Commissioned Report Provides Most Detailed Compilation to Date of Abusive and Anti-Competitive PBM Strategies, and Recommends Legal and Policy Solutions

WASHINGTON, DC, UNITED STATES, February 17, 2022 /EINPresswire.com/ -- A new report provides a detailed look at how pharmacy benefit managers (PBMs) adversely impact cancer care, profiting at the expense of patients, providers, employers, and taxpayers. It is designed as a roadmap for policymakers and regulators to better understand the opaque PBM industry as reform efforts gain steam at the federal and local levels.

The report, "Pharmacy Benefit Manager Exposé: How PBMs Adversely Impact Cancer Care While Profiting at

the Expense of Patients, Providers, Employers, and Taxpayers," was commissioned by the Community Oncology Alliance (COA) and written by industry experts at the law firm of Frier Levitt, LLC. It provides a comprehensive exposé and legal analysis of the most pervasive and abusive PBM tactics, highlighting the adverse impact they have on patients, providers, and health care payers (including Medicare, Medicaid, employers, and taxpayers). The goal is for the report to serve as an authoritative reference for policymakers, regulators, employers, and others seeking greater understanding of PBM behavior while also suggesting solutions to reshape the health care industry for the better.

- [Read the full report "Pharmacy Benefit Manager Exposé"](#)

The report sheds light on how a few vertically integrated behemoths control 80+ percent of drug



Community Oncology Alliance Logo

benefits in America (CVS Caremark, Express Scripts, and OptumRx, among others), including the power to not only dictate drug costs but also which drugs specially trained physicians can provide to their patients. Over the last few years, nearly all the major PBMs have become vertically integrated, owning, or being owned, by the nation's largest health insurers. The growing PBM oligopoly has littered the health care landscape with a dizzying array of costs and restrictions that have limited patient access to prescribed medications, put independent pharmacy providers out of business, and exacerbated the spiraling cost of prescription drugs that PBMs falsely assert they curb.

Coincident with the release of this report, the [U.S. Federal Trade Commission \(FTC\) is considering](#) today whether to launch a formal investigation into the competitive impact of predatory PBM practices. COA has met with the FTC to share its members' experiences and express its concerns with the anti-competitive practices of PBMs, all of which are detailed in this paper. The FTC must act to curb the growing oligopoly power of the PBM/insurer complex, and Congress must also advance serious policy to stop PBMs from fueling drug prices and destroying independent pharmacies in communities across the country.

"Better understanding the anti-competitive trade practices of the oligopolistic PBM industry is an important first step in reining in PBM tactics that have complicated and even restricted patient care," said Ted Okon, executive director of COA. "This exposé shows how the dirty tricks and abusive practices of PBMs are endless. Every time new policies or regulations are enacted to protect patients, it seems that PBMs figure out new loopholes to hurt patients and edge out the competition."

The report details a litany of PBM abuses that COA is urging regulators and policymakers to address, as well as recommendations to curb abusive practices. They include, but are not limited to:

- Restrictive PBM formularies, the menu from which doctors can prescribe treatments, "tend to favor drugs that offer higher rebates" to PBMs, not those like biosimilars that are lower cost alternatives.
- Direct and Indirect Remuneration (DIR) Fees that can be up to 11 percent of a drug's list price, and dinged Medicare for more than \$9 billion in 2019, are essentially an ever-increasing drug tax charged by PBMs on pharmacies well after a drug has been prescribed.
- Restrictive Pharmacy Networks that oligopolistic PBMs use to restrict the ability of patients to "freely choose a provider based on his or her personal health care decisions" while attempting to direct patients to their own pharmacies.

The Frier Levitt report also describes other questionable practices, most notably white bagging, spread pricing, rebate aggregators, copay accumulators and maximizers, and prescription trolling, while also offering recommendations for regulators and policymakers on how to restrict their most destructive impacts.

DIR Fees and the broken PBM rebate system are one of the many reasons why, in addition to the FTC attention, the Centers for Medicare and Medicaid Services (CMS) is currently proposing to regulate DIR Fees and ensure that all price concessions are passed on to patients at the point of sale. COA is currently encouraging all pharmacy providers, regardless of setting or specialty, to submit comments to CMS on this important proposal before they close on March 7, 2022.

“Taking care of patients facing cancer and other serious diseases should not mean battling PBM behemoths who dictate treatments based on their own selfish interests,” said Kashyap Patel, MD, president of COA and a practicing medical oncologist and CEO of Carolina Blood and Cancer Care Associates in Rock Hill, South Carolina. “Deciding what care patients with cancer should receive should be between the doctor and the patient, not a faceless corporate middleman who doesn’t have to look a person with cancer in the eye and tell them: ‘I’m not allowed to give you the drugs you need.’ We desperately need Washington to curb PBM bad behavior so that we can focus on treating our patients, not fighting the PBM-insurer complex.”

COA is also currently tracking more than 200 state laws related to PBMs, pharmacy, and cancer care reform, with new bills emerging as state-level elected officials and regulators become aware of PBM abuses. In recent years, states have been more aggressive than Washington, D.C. in taking a leading role in shaping health and pharmaceutical policy.

This is the third report on the impact of PBMs on patients and practices that COA has produced with the PBM experts at Frier Levitt. Others in the series include an exploration of the PBM CVS Caremark's efforts to restrict patient access to community oncology pharmacies and a recent investigation into murky "DIR Fees" that PBMs charge pharmacies.

Read the full report at <https://www.communityoncology.org/coa-2022-pbm-dirty-tricks-expose-report>.

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Nicolas Ferreyros
Community Oncology Alliance (COA)

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