

SUPPORT MEASURES TO ENCOURAGE PRESCRIPTION DRUG PRICING TRANSPARENCY



BACKGROUND

Employer sponsors and patients have limited access to data and information on pharmacy delivery system arrangements, such as contracts negotiated between supply chain entities, like pharmacy benefit managers (PBMs) and insurers, as well drug pricing, including rebates and discounts. Access to this information is important because it could allow stakeholders to make better-informed decisions about how to provide, and participate in, more innovative pharmacy benefit solutions. More largely, this information integrated with reported plan spend informs future benefit design decisions.

Access to data and information varies between self-funded and fully insured employer benefits plans. Self-funded plans typically maintain greater access to pharmacy data than fully insured plans, which are barred from accessing proprietary drug pricing information between carriers and PBMs.

THE ISSUE

A core driver of rising healthcare costs is the ability of some manufacturers and PBMs to conceal drug-pricing arrangements by labeling them as proprietary and confidential. Without access to meaningful pharmacy benefit data, employers' ability to control their drug costs and design optimal benefits is constrained. Further, incentives throughout the supply chain will not align to focus on reducing costs for end payers. This lack of access and information, which results in the exclusion of drug rebates and other discounts applied after an initial prescription claim, impacts how effective recorded plan spend information is in steering benefit design decisions, specifically in revealing the ultimate cost share of beneficiaries through copayments and co-insurance. Inflating these numbers may spur higher out-of-pocket costs for beneficiaries.

OUR POSITION

The Council of Insurance Agents & Brokers believes that with greater access to data on pharmacy delivery system arrangements, plan sponsors could more accurately evaluate some cost-drivers of pharmacy benefits, ultimately allowing them to make more effective decisions when choosing the benefit plans that make the most sense for themselves and their employees. The Council therefore supports measures aimed at uncovering the gross versus net drug prices because those differences improve transparency for plan sponsors around rebating and discount arrangements between PBMs and manufacturers. Potential measures include:

- Regulatory action aimed at requiring basic information about pharmacy delivery system arrangements to be made public
- Removal of the pharmacy "gag" clauses in health plan-pharmacy contracts because they act as a barrier to transparency and cost savings for consumers
- Encouraging PBMs to act as a fiduciary on clients' pharmacy benefit plans during each stage of the prescription transaction
- Empowering employers, who sponsor coverage for millions of American families, with tools that inspire meaningful data sharing in order to construct innovative, tailored pharmacy benefit solutions for their patient populations

In general, The Council supports shifting the focus of all stakeholders, such as manufacturers, PBMs, carriers and payers, from a fee-for-service model toward pay-for-value models that function based on health improvement and promotion. Value should take into account cost, efficacy and quality of life.

ABOUT US

The Council of Insurance Agents & Brokers is the premier association for the top regional, national and international commercial insurance and employee benefits brokerage firms worldwide. Council members are market leaders who annually place 85 percent of U.S. commercial property/casualty insurance.

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