



PHARMACISTS UNITED FOR  
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**“OUTSIZED PBM PROFITS” RISE TO \$576.6 MILLION WHILE FLORIDA COMMUNITY  
PHARMACIES AT \$3.1 MILLION LOSS SINCE JANUARY 1**

**Lack of Transparency Contributing to High Costs for Consumers, Increased Scrutiny and Calls for  
Tougher Laws in Some States**

TALLAHASSEE, FL (February 13, 2018) – In time with a newly-released report by President Trump’s Council of Economic Advisors that calls for transparency among the largest pharmacy benefits management companies (PBMs) in order to help reduce the high cost of prescription medications, Florida’s independent pharmacies are also sounding the alarm about PBMs. Now 6 weeks into 2018, the state’s independent pharmacies have lost a combined total of \$3,174,722 since January 1 because of below-cost reimbursements by the PBMs who manage Florida residents’ prescription drug plans.

The latest figures show the state’s small business pharmacies - many serving small and rural communities - lost another \$488,405 last week. Meanwhile, PBMs have generated an estimated \$576.6 million since January 1. Pharmacists United for Truth and Transparency (PUTT), an independent pharmacy advocacy group, has been tracking revenues lost in Florida since 2017 and began an aggressive awareness campaign in January 2018 to make lawmakers and residents aware of the problem.

Increased awareness of how PBMs are actually contributing to the problem of increased cost for medicine and lack of access for patients in many communities has led several states including Arkansas, Maryland, Kentucky and Ohio to rigorously examine PBM practices, including the use of “gag clauses” to prevent pharmacists from informing patients when it is less expensive to purchase a prescription for the cash price than their copay; “clawbacks” - the difference between a patient’s co-pay and the negotiated reimbursement price for the drug, for which the PBM bills (or “claws back” from) the pharmacy; and reimbursing pharmacies below the wholesale cost of the drug.

Additionally, this month President Trump’s Council of Economic Advisors released their recommendations for reforming the pricing system for prescription drugs, specifically citing PBM’s lack of transparency as one of the factors contributing to prescription prices.

“Pricing in the pharmaceutical drug market suffers from high market concentration in the pharmaceutical distribution system and a lack of transparency,” the report stated. “Three PBMs account for 85 percent of the market, which allows them to exercise undue market power against manufacturers and against the health plans and beneficiaries they are supposed to be representing, thus generating outsized profits for themselves. Over 20 percent of spending on prescription drugs was taken in as profit by the pharmaceutical distribution system. The size of manufacturer rebates and the percentage of the rebate passed on to health plans and patients are secret.”

PBMs - including CVS/Caremark, Express Scripts and OptumRx (a division of UnitedHealthcare) - contract with small business pharmacies to serve patients, but those contracts come at a cost. PBMs include “take it or leave it” terms and conditions, including reimbursements below a drug’s wholesale price. Pharmacists are prohibited from sharing details of their contract conditions because doing so would disclose so-called “trade secrets”. Many pharmacies have been threatened with removal from PBM networks for disclosing such “trade secrets.”

The average pharmacy fills 200 prescriptions per day, according to annual data provided by the National Community Pharmacy Association. Just over 90 percent of the prescriptions processed by Florida’s more than 1300 independent pharmacies come through a PBM third party. Based on information received on the spread pricing of two prescriptions by one of the country’s largest PBMs, PUTT used \$77 as the average per-prescription profit to determine the potential \$99 million PBMs generated for the week ending February 10, 2018. Added to the previous five weeks’ revenues, PBMs have generated more than \$576.6 million to date while small business pharmacies have lost greater than \$2.6 million. The losses experienced by independent pharmacies between January 1 and February 10 were the result of manipulation of non-transparent MAC (maximum allowable cost) formulary contracts - lists of drugs whose pricing is kept proprietary and not shared with the dispensing pharmacy, insurance payer or patient.

Originally intended to process prescription claims, PBMs portray themselves as helping reduce costs. However, PBMs are nothing more than the “middlemen” in the pharmacy industry. The largest PBMs have recently been called out for antitrust activities including questionable pricing, unfair practices and passing on costs that make it difficult for all, including the largest pharmacy chains, to do business. The result is an unlevel playing field that has forced hundreds of independent pharmacies, often serving small and/or rural communities, out of business.

Pharmacists United for Truth and Transparency (PUTT) exists to unify, promote and preserve independent pharmacies through education and access; to monitor PBM and other industry practices which, when identified as abusive, are exposed in various manners in the interest of improving the quality, safety and cost of patient care. For more information about the negative impact of Pharmacy Benefits Management company practices on the cost and accessibility of medications, or to learn more about PUTT, visit [TruthRx.org](http://TruthRx.org) or contact Monique Whitney, (505) 480-4150.

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