

FTC Launches Investigation Into Pharmacy Benefit Managers

The Federal Trade Commission (FTC) recently announced that it will investigate the six largest pharmacy benefit managers (PBMs) in the United States to scrutinize their impact on the access and affordability of prescription drugs.

The FTC will order these PBMs to provide information and records regarding their business practices: CVS Caremark, Express Scripts Inc., Optum Rx Inc., Humana Inc., Prime Therapeutics LLC and MedImpact Healthcare Systems Inc. According to the agency, this inquiry may provide relief to patients and independent pharmacies and potentially change how PBMs operate.

What Is the Basis of the FTC's Inquiry?

PBMs are middlemen that negotiate with drugmakers for rebates and lower fees and reimburse pharmacies for prescriptions they distribute. However, PBMs generally charge insurers a higher price than they pay to reimburse pharmacies and have been accused of refusing to cover generic and biosimilar drugs. Because they're vertically integrated, PBMs tend to own their pharmacies and steer patients to use them, which can create a challenging environment for many independent pharmacies.

As a result, PBMs influence which medicine most Americans receive, which pharmacies they can use and how much they pay. The largest PBMs are generally vertically integrated with the largest health insurance carriers and wholly owned mail order and specialty pharmacies.

The inquiry will examine the role PBMs play in the U.S. pharmaceutical system and shed light on the following practices:

- Fees and clawbacks charged to unaffiliated pharmacies

- Methods to steer patients towards PBM-owned pharmacies
- Audits of independent pharmacies
- Methods to determine pharmacy reimbursement
- Prevalence of prior authorizations and other administrative restrictions
- Use of specialty drug lists and policies
- Impact of rebates and fees from drug manufacturers on formulary design and costs of prescription drugs to payers and patients

“Although many people have never heard of pharmacy benefit managers, these powerful middlemen have enormous influence over the U.S. prescription drug system. This study will shine a light on these companies’ practices and their impact on pharmacies, payers, doctors and patients.”

- Lina M. Khan, chair of the FTC

This information should provide a clearer understanding of the competitive impact of PBMs’ contracting and business practices.

What's Next

The FTC works to promote competition and protect and educate consumers. The FTC's inquiry should provide clarity on how PBMs impact pharmacies, payers, doctors and patients and potentially direct any needed reforms to help address the rising drug prices.

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