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Pharmacy Benefit Managers

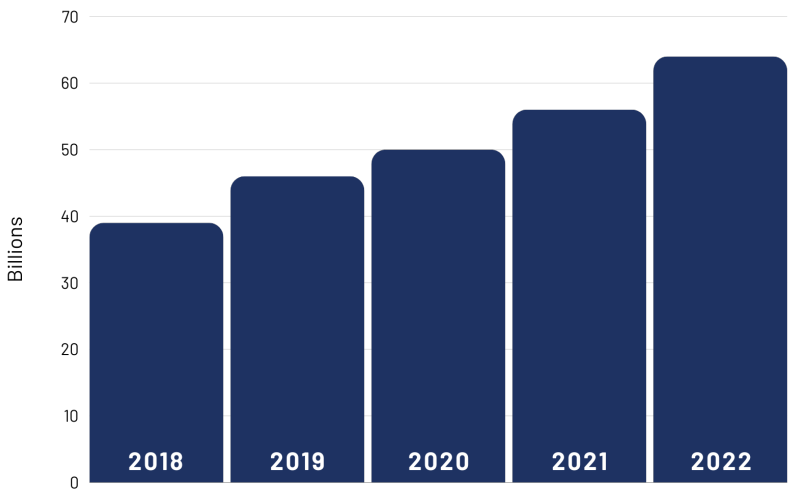
What is a PBM?

Pharmacy Benefit Managers (PBMs) have existed since the 1960s, when they were created to help insurance companies manage prescription drug costs. Often called the "middleman" of the US pharmaceutical industry, PBMs today are third party administrators that exist between community pharmacies and insurance companies, as well as between insurance companies and drug manufacturers. PBMs negotiate the terms for prescription drug access for hundreds of millions of Americans and wield enormous power over patients' ability to access and afford their prescription drugs. In short, PBMs significantly influence what drugs are available, where, and at what price.

What is the Problem?

PBMs make enormous profit on the back of rural hospitals while squeezing patients and independent pharmacies. Just a few PBMs control almost the entire prescription drug market. Through years of consolidation, the largest PBMs either own or are owned by the nation's largest health insurers. The three largest PBMs are Fortune 50 companies and control 76% of the market. Integration with mail-order pharmacies and insurance companies allows PBMs to own or have considerable influence over distinct parts of the pharmaceutical supply, enabling them to steer patients towards their own affiliated pharmacies. PBMs can prioritize directing prescriptions to their own pharmacies within their network even if it means a patient must travel further or pay more, leaving independent pharmacies with fewer customers.

PBM Earnings are Skyrocketing



A 2024 STUDY BY THE FEDERAL TRADE COMMISSION FOUND THAT PHARMACIES AFFILIATED WITH THE LARGEST THREE PBMS ARE OFTEN PAID 20 TO 40 TIMES NADAC, AND SIGNIFICANTLY MORE THAN UNAFFILIATED PHARMACIES.

PBMs operate with little transparency and accountability. They profit from a business model rife with conflict and engage in tactics that can drive up costs. The NHA encourages action to provide much needed regulation of PBMs.

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What is White Bagging?

PBMs can offer unaffiliated independent pharmacies and rural hospitals less favorable reimbursement rates and contracts, ultimately squeezing them out of the market and limiting patient choice. This practice harms smaller health care providers in rural areas with limited choices and can impact independent pharmacies' ability to stay in business and serve their communities. PBMs put profits before patients at every turn.

PBMs can require that high-cost drugs be shipped from their specialty pharmacies to practices, where clinicians then administer the drugs to patients. This practice is called "white bagging." Patients do not get to choose if their medications are "white bagged."

White bagging causes significant delays in patients getting their medications and even results in hospitals being sent the wrong dose or the wrong medication. In some instances, hospitals don't receive the shipment on time, if ever, and are forced to cancel and reschedule patient procedures until the next dose arrives. This leaves many hospitals in Nebraska at risk of liability and costs associated with this flawed process. For patients, interruptions and delays can lead to missed workdays, long drives to have the medication administered, all while possibly having to turn around and go back home with nothing to show for it. White bagging also causes serious, potentially dangerous disruptions to patient care and removes patient choice at the time they deserve it most.