CONNECTION COALITION

TALKING POINTS | PHARMACY BENEFIT MANAGERS

- **Paying Themselves:** Pharmacy and/or Plan owned PBMs comprise nearly 80% of the nation's PBM businesses and this relationship means that the Pharmacy or Plan drives up the cost of the drugs because they are essentially 'paying themselves." Full disclosure of these relationships is needed and PBMs should treat non-owned pharmacies the same as those owned by the pharmacy.

- **Gag Orders:** PBM contracts with pharmacies (even those that are not owned by a PBM) in almost every instance, have a 'gag order' clause that requires the pharmacy not inform the patient that a specific formulary drug could be purchased at a lesser cost by simply paying for the drug out-of-pocket and not through the insurer. There needs to be assurance that the pharmacy could inform the patient of a less costly alternative.

- **More Oversight and Safety:** There needs to be a requirement for PBMs doing business with California to register with the Department of Managed Care and allowance for DMHC to suspend a PBM's license under specific circumstances. One of those instances would be if the PBM was found guilty of not protecting "the safety and interests of consumers."

- **Transparency with PBMs is Non-Existent:** There needs to be requirement for the PBM to report to the contracted Plan (purchaser) on a quarterly basis all financial transactions such as discounts to pharmacies it owns and to those it doesn't own; all rebates, drug costs, etc.

- **Transparency Benefits Consumers:** It would be of benefit to the consumer if the financial information is public information. Transparency to the purchaser alone does not resolve the lack of transparency unless the information is public.

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