



Position on Pharmacy Benefit Managers (PBMs)

Support:

- Physician autonomy in formulating treatment plans and prescribing drugs and devices in the best interest of patient care without undue intervention by third parties and intermediaries.
- Transparency about the role PBMs play in setting drug prices so patients and physicians know the true cost of a medication.
- Creating formularies based on effectiveness, safety and ease of administration rather than financial incentives.
- Independent physician input into formulary development.

Oppose:

- Tiered formularies based on pricing and arrangements between PBMs, insurance companies and other interested parties.
- Changes to formularies that are made without the input of the medical community and which are based on financial rather than clinical grounds.
- Midyear formulary changes.
- Allowing conflicts of interest of PBMs to influence formulary or drug coverage decisions.

Physicians and their patients should be in control of their care. Pharmacy benefit managers (PBMs) were introduced to serve as intermediaries contracted by payors to manage prescription drug plans on behalf of beneficiaries.ⁱ Unfortunately, PBMs have fostered formularies which benefit insurers, pharmaceutical companies and/or pharmacies. PBMs may direct patients toward medications which provide the greatest reimbursement to the affiliated / commercial entity rather than the greatest benefit and / or lowest cost to the patient.

Drug prices have skyrocketed partially due to the lack of an open and honest view of how these prices are set. Agreements between insurance carriers and PBMs, which can be part of the same corporation, grant themselves the full authority to determine where patients may or may not purchase their prescription (i.e. a retail pharmacy or mail order pharmacy)ⁱⁱ This is carried out regardless of the detrimental effect it has on patient health and wellbeing. PBMs have interfered in the drug supply chain, causing consumers to overpay \$135 million on their prescriptions.ⁱⁱⁱ

Transparency is key. PBMs should be required to provide medical justification for recommended formularies and disclose any potential financial incentives. Patients should also be able to understand the reason that they are directed toward one medication or another and how the rebates that they receive are funneled back to a pharmaceutical agent or insurer. Patients look to their physicians to prescribe the most effective therapy at the most reasonable cost. However, the opaque nature of pharmaceutical pricing makes it difficult for physicians to quickly and easily access cost information that can aid in decision-making.

One of the most significant issues with PBMs is their control over formularies. It is in the best interest of patients that formularies be based on effectiveness, safety and ease of administration. Any changes to formularies should be justified with accepted clinical standards and guidance from the medical community.

Control over formularies may also lead to step therapy policies that are not constructed on evidence-based medicine. These policies are simply time-consuming processes of trial and error of “preferred” formulary drugs before the originally prescribed medicine is available to the patient.^{vi} PBMs should allow coverage for a medication that is not on the formulary if the prescribing physician provides objective data to support medical necessity. Additionally, PBMs should respect if a patient is medically stable on a particular medication and cease forcing mid-year formulary changes.

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ⁱ STAT. Are pharmacy benefit managers the good guys or bad guys of drug pricing? August 27, 2018. <https://www.statnews.com/2018/08/27/pharmacy-benefit-managers-good-or-bad/>

ⁱⁱ Health Affairs. A six step solution to the PBM problem. August 30, 2018. <https://www.healthaffairs.org/doi/10.1377/hblog20180823.383881/full/>

ⁱⁱⁱ Modern Healthcare. Insurance gag-clause ban for pharmacists OK'd by Senate panel. July 25, 2018. <http://www.modernhealthcare.com/article/20180725/NEWS/180729946>

^{vi} Dieguez G, Alston M and Tomicki, S. A primer on prescription drug rebates: insights into why rebates are a target for reducing prices. Milliman White Paper. Published May 2018.