



# PHARMACISTS UNITED FOR TRUTH AND TRANSPARENCY

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### PHARMACIST WATCHDOG GROUP CALLS OUT DONALD TRUMP AND HILLARY CLINTON

#### **Medicare Part D Patients Must Pay \$750 for Nexium While a \$50 Generic is Available.**

PHOENIX, AZ (October 17, 2016) – During the second presidential debate, audience member Ken Karpowitz asked, “Affordable Care Act ... is not affordable. Premiums have gone up, deductibles have gone up, copays have gone up, prescriptions have gone up, and the coverage has gone down. What will you do to bring the cost down and make coverage better?”

Pharmacists United For Truth and Transparency (PUTT), a watchdog organization that monitors abuse in the pharmacy industry, has the answer: Pharmacy Benefit Managers, or PBMs, are driving up prescription costs.

PBMs act as third party intermediaries for prescription drug programs between pharmacies and health plan enrollees (employees of private companies, government agencies, as well as state medicaid). **Three of the largest PBMs - CVS Caremark, Optum, and Express Scripts - currently control more than 80% of prescription drug coverage in the United States** which impacts more than 200 million Americans. They currently allege to help reduce costs by managing pharmacy benefits, however increasingly the largest PBMs have been called out by both insurers and legislators like Congressman Doug Collins and Buddy Carter on questionable pricing, unfair contracting strategies and passing on costs to plans and patients that makes it difficult to fully understand where the money goes in the supply chain.

PUTT claims one example is the prescription rebate “pay to play” scheme that benefits the manufacturers and PBMs at the expense of patients. Prescription rebates are deals between pharmaceutical manufacturers and PBMs where the bigger the rebate the manufacturer promises the PBM, the more likely the PBM is to ensure the manufacturer’s product has preferential placement on the formulary (or lower tier). Brand manufacturers provide rebates to PBMs for their brand products regardless of whether there is a generic, cheaper alternative in that class of

medications. The best example of this is the prescription drug Nexium. Currently, Nexium brand name costs upwards of \$750 and the generic, alternative costs on average approximately \$50.

Patients may not immediately feel the pinch in their pockets because of Medicare Part D coverage. However, most patients have a coverage gap which means coverage for medication is allotted to a certain amount, usually \$2000 or more, where they then go into the “donut hole” and have high out of pocket Rx expenses. If a patient has filled more than \$2000 worth of medication in a year, their copay may increase from \$5 - \$20 to half the amount of the brand name medication being filled. This means patients may find themselves in a situation where their initial copay of \$10 for a 90 day supply of Nexium will exponentially increase to an out of pocket cost of \$350 or more. Because patients covered by Medicare Part D and Medicaid do not directly pay for the cost of their medications despite being in or even exceeding the coverage gap, taxpayers are left with the burden of paying for brand name medications that easily could have been replaced with cheaper, generic alternatives.

The EpiPen drug hike exposed part of the problem when Mylan Pharmaceuticals CEO attempted to expose how PBMs, brokers, and insurers pocketed more than \$280 per prescription within the drug supply chain. The payor pays more in the end, the patient pays a higher copay or higher cost of the medication, and the rebates may or may not go back to the ultimate payor. Yet, in standard contracts with PBMs, providers are forbidden to discuss these tactics and pricing abuses with the ultimate payers or to any one else.

While the Nexium or EpiPen story is not unique in healthcare today, PBMs are quick to refute claims that they are adding to the overall prices of expensive brand drugs with Rx rebates. However, PUTT believes this is happening for most expensive brand drugs— including insulins, inhalers and even expensive speciality medications. Interestingly enough, these are also the fastest growing part of Rx drug plans.

Local legislators, as well as, organizations like PUTT and the National Community Pharmacists Association have called for more investigation into PBMs pricing tactics and have demanded for transparency in prescription drug pricing in America. PUTT believes this is a big step to bringing down the cost of prescriptions for all Americans.

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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