



PHARMACISTS UNITED FOR TRUTH AND TRANSPARENCY

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**PUTT APPLAUDS CONNECTICUT'S NEW ANTI-CLAWBACK LAW, URGES
U.S. DISTRICT COURT IN NORTH DAKOTA TO UPHOLD NEW LEGISLATION REQUIRING
GREATER PBM TRANSPARENCY**

**SB 2301 Defines Specialty Drugs, Increases Transparency and Demands “Firewalls” Between PBMs
and Their Mail Order Pharmacies While SB 2258 Addresses PBM Fees**

Phoenix, AZ (July 18, 2017) – Pharmacists United for Truth and Transparency (PUTT) today congratulated the state of Connecticut for passing legislation that effectively makes the practice of pharmacy clawbacks by Pharmacy Benefits Managers (PBMs) illegal. Clawbacks happen when the cost of a prescription is less than the co-pay charged to the patient — the PBM “claws back” the difference, which it keeps rather than refund to the patient. For example, a \$50 prescription drug co-pay on a drug that costs \$12 to fill results in a “claw back” of \$38 to the PBM — not a savings for the patient.

“Connecticut has now joined a number of states that have outlawed prescription clawback schemes,” said Craig Raabe, principal at Izard, Kindall and Raabe, whose firm represents plaintiffs in class actions suit that have exposed and are challenging the “claw back” schemes. “Consumers will benefit from increased transparency in this industry. It makes no sense that a consumer would pay an insurance company more than the insurer is actually paying for a prescription medicine.”

“This is the kind of landmark legislation that addresses the egregiousness of clawbacks, which is nothing more than another revenue generator paid for by patients,” said Teresa Sticker, PUTT president. “We couldn’t be more pleased that Connecticut is taking a stand for fair treatment of its patients by ending the practice of ‘gagging’ pharmacists and exposing clawbacks for the terribly unfair and greedy revenue streams they’ve become for PBMs - funded off the backs of patients, employers and taxpayers.”

Concurrently PUTT urges the U.S. District Court in North Dakota to uphold recently passed legislation defining specialty drugs, requiring greater price transparency from PBMs and demanding PBMs establish “firewalls” between administrative functions and the mail-order pharmacies they own. Additional legislation addresses fees charged by PBMs. Not surprisingly, the Pharmaceutical Care Management Association — the professional association representing PBMs and their regulatory interests — has filed a

lawsuit to try to stop the legislation from being enacted in January 2018, citing “(risks) to patient safety by restricting health plans’ ability to reward drugstores that are willing to meet performance metrics that increase generic drug dispensing, improve adherence and reduce inappropriate drug use,” according to a July 13, 2017 article published in the *Grand Forks Herald*.

“We stand with North Dakota in upholding the new laws,” Ms. Stickler said. “The PBMs would have us believe that disclosing their prescription drug coverage and pricing practices would somehow bring harm to patients and risk their safety. Nothing could be further from the truth. Patients are entitled to understand how their medications are covered and priced, and we have long maintained that pharmacists are not just entitled, but are *responsible* as ethical medical professionals to act as partners in the care and treatment of their patients. Clearly non-transparent PBMs don’t understand what it means to care for patients or they wouldn’t be trying to incentivize pharmacies for ‘performance metrics’ related to dispensing drugs they’ve already decided are best for the patient.”

PUTT is also calling for an end to:

- **DIR fees** — associated with Medicare Part D, DIR stands for “direct and indirect remuneration” and is a type of clawback that artificially inflates the price of medications for seniors - pushing them into the “donut hole,” or the limit on drug coverage that forces participants to pay full price for the medications, much faster. DIR fees hurt the most vulnerable of the senior population, and wreak havoc on small, independent pharmacies, who often experience the clawback long after prescriptions have been filled.
- **Non-transparency in the determination of “MAC” lists** - MAC refers to Maximum Allowable Cost” and is the PBM-generated list of products that includes the upper limit or maximum amount that a plan will pay for generic drugs and brand name drugs that have generic versions available. Currently there is no standardization in the industry as to the criteria for the inclusion of drugs on MAC lists or for the methodology as to how the maximum price is determined, changed/updated or disclosed.
- **Mandated mail-order prescription refills and limited specialty networks designed to steer business to PBM-owned pharmacies and specialty facilities.** Under the pretense of “cutting costs” these anti-competitive policies limit patient choice and remove the incumbent pharmacist — often a trusted provider a patient has spent years developing a relationship with — from being able to serve most or all of the patient’s pharmaceutical care needs.

Other anti-competitive actions perpetrated by PBMs include the practice of keeping prescription drug rebates instead of passing the savings on to patients and **allowing patients to buy three months’ supply of prescription medication from PBM-owned mail order pharmacies while prohibiting independent, contracted pharmacies from being able to provide the same service.**

Originally intended to process prescription claims, PBMs portray themselves as helping reduce costs by verifying claims and providing authorizations. However, PBMs are nothing more than the middle men in the pharmacy industry. The largest PBMs have recently been called out on questionable pricing, unfair practices and passing on costs that make it difficult for all, including the largest pharmacy chains,

to do business. The result is an un-level playing field that has forced hundreds of independent pharmacies, often serving small and/or rural communities, out of business.

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 or contact Monique Whitney, (505) 480-4150.

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