



## Health Care Justice Monthly Bulletin May 22, 2023

*Wonder why drugs cost so much more in the US than countries that have universal health care? You may be surprised to learn that it's not just drug company price gouging behind the problem.*

Pharmacy Benefit Managers (PBMs) are middlemen between drug manufacturers and patients. They add tremendously to the cost of drugs. The three largest are owned by three giants in the insurance industry. Together they control 80% of the market.

PBMs create formularies and negotiate prices with drug companies, ostensibly on behalf of plan managers like self-insured corporations, public employee health plans, Medicaid and, of course, the insurance companies that own them. However, they are legally allowed to take kickbacks to put expensive drugs on these formularies instead of cheaper alternatives. This raises the costs to both manufacturers and insurance plan managers, who then raise premiums. The PBMs (and their insurance company owners) make profit on both ends, and it comes out of patient's pockets.

PBMs make further profits by manipulating what they pay to pharmacies to favor the largest, in which their parent companies are invested. That's why small, local pharmacies have all but disappeared.

Like private insurance companies themselves, Pharmacy Benefit Managers are unnecessary in a public system of health care.

Source: <https://pnhp.org/news/pharmacy-benefit-managers-the-mystery-bureaucrats-managing-your-prescription-drugs/>

- The Health Care Justice Ministry