Pharmacy Benefit Managers: Mail Order Services 101

Background—What are Mail Order Pharmacies?

Pharmacy Benefit Managers (PBMs) own automated dispensing facilities that fill and ship prescriptions requiring 90-day supplies. The PBMs refer to them as "mail order pharmacies," however, these closed-environment, robotics-driven assembly lines don't deliver the patient benefits of a traditional pharmacy. Face-to-face consultation between a pharmacist and patient, the most effective type of intervention to ensure that patients adhere to their prescribed medication regime and are counseled about possible negative side effects, is replaced with patient email and calls to 1-800 numbers to seek assistance from out-of-state corporate pharmacists. PBMs "hard sell" health plans on implementing complex schemes to require a "mandate" that all patients on maintenance medications exclusively use PBM-owned dispensing facilities. They promise outrageous savings – and since these promised savings are never backed up with a dollar-for-dollar guarantee – the health plans discover that the PBMs have over-promised and under-delivered on savings - and in many cases, on patient service and care. A closer look at the mail order equation demonstrates that the numbers don't add up.

The Mandated Mail Service Equation	How It Adds Up For Patients & Health Plans
PBM + Mandated Mail = No Accountability to the Patient	No patient can "fire" their PBM-owned mail service. Once you're in – you are locked in. The patient is "captive" to a single PBM-owned mail service – no matter how poorly it performs. Patients have reported numerous delivery issues that have caused patients to be unable to take medications that are vital to their health and well-being including delays in receiving medications, temperature-sensitive drugs being left outside or on delivery trucks, drugs lost in transit, medication switching and even the wrong drugs being shipped
PBM +Profit = Less Patient Interest	When given a choice, 83% of customers prefer to fill their prescription at a community pharmacy rather than at a so called mail order pharmacy. Clearly, mail order is not for everyone. This is why PBMs support "mandates," complex cost-shifting schemes to promote the use of PBM-owned dispensing facilities and even disincentives that penalize patients for using community pharmacies.
More Brands + More Rebates = Less Generics Savings	In 2009, retail pharmacies drove a 69% generic dispensing rate while Medco Health Solutions, Inc., Express Scripts, Inc. and CVS Caremark dispensing facilities had GDRs under 58%. Coincidentally, PBMs receive billions from drug manufacturers each year to increase brand name drug market share. • Increasing Generic Dispensing Rates (GDR) is the most effective method to drive and guarantee savings for both the members and the plans without mandating or restricting patient access to care through negative incentives and cost-shifting • For every $1 a plan invests in generics, the plan receives $2 in savings • According to a new AARP report, the average retail price of the most popular brand-name drugs increased by 8.3 percent in 2009 and by 41.5 percent over the past five years • In 2009 alone, the use of FDA-approved generics saved $139.6 billion—a 15% growth over the prior year's savings—or about $382 million every day.

What Solutions Can Address the Most Egregious PBM Mail Order Practices?

Enactment of legislation requiring PBMs to:

- Fully disclose to plan sponsors potential conflicts of interest in PBM service contracts
- Promote lower cost through increased competition by establishing an "any willing provider provision" in all PBM mail service contracts