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SOLUTIONS

April 20, 2018

**The Price is Right. Or is it?**

Dear Colleague,

One morning during the holidays a few months ago, I channel-surfed into the game show "The Price is Right." Turns out Bob Barker is no longer on the show (he left in 2007) and now Drew Carey is the pricing games showman. On "The Price is Right," contestants can win a prize if they guess the correct price for a given item. The pricing of prescription medications for consumers is too often its own brand of guessing game. Over the last few weeks, several consumer-facing portals have been circulated that show how much the consumer will pay for their prescriptions at various pharmacies. Those portals go to different plans and includes the millions of government workers on the Federal Employees Health Benefit Plan. Those pricing portals all have something in common – consumers paid the least for the majority of the prescriptions checked at a community pharmacy. The top 20 most commonly prescribed prescription drugs make up 31.3 percent of all of the prescriptions dispensed in the United States. Patients covered under the federal plan pay 25 to 40 percent more if they do not choose a community pharmacy. Mail order didn't fare any better either, because for many prescriptions, a 90-day supply from a mail order pharmacy is considerably more than three times the cost of one 30-day supply at a community pharmacy or even at a chain drugstore.



This month, *Consumer Reports'* cover focus is "Pay Less for Your Meds." For a story in the issue titled, "Shop Around for Lower Drug Prices," CR took a market basket of commonly used medications – pioglitazone, celecoxib, duloxetine, atorvastatin, and clopidogrel – and called more than 150 pharmacies across the U.S. for prices. Costco and independent pharmacies were neck and neck as the lowest brick and mortar locations at \$105 and \$107, respectively. Walmart was in the middle at \$518 for the basket and CVS/Target had the highest prices in the survey at \$928.

There have been recent announcements about other pricing tools. Last week, [CVS announced](#) it will release the "CVS Pharmacy Rx Savings Finder." This is a *pharmacist-facing* tool that will message CVS pharmacists with information from CVS to direct patients to prescriptions with preferred costs at CVS pharmacies. Yet another pricing tool is *prescriber-facing*. Real-time, plan-specific prescription benefit information prompts prescribers to choose alternative therapies pushed to prescribers through their Electronic Health Record system vendors. Also making its way around community pharmacy circles is a link to pricing information from PBMs to pharmacies and from PBMs to plan sponsors (employers, taxpayers, individuals buying health insurance). It reveals the pricing spread between what the PBM pays the pharmacy and what it charges the plan sponsor. These findings have been shocking and have helped result in actions in West Virginia, Arkansas, Ohio, Kentucky, and Iowa, with more states on the way.

Let's review:

- Some *consumers* can find out how much they will pay for their prescriptions through their Rx benefit at different pharmacies.
- *Readers of Consumer Reports* have info on the least expensive pharmacy options.
- *Prescribers* now see the patient's prescription drug benefit at the point of prescribing.
- *CVS pharmacists* now see information from CVS about pricing options for CVS customers.
- *Plan Sponsors* (including taxpayers) are gaining insight into how much the PBM is taking in spread on every prescription they administer.

For the typical consumer I suspect this will all be clear as mud. One thing that is clear from some of these tools is that community pharmacies are often lower cost options than chain drugstores and that PBM spread is contributing to the higher costs of prescription drugs.

Is the price right? There's a good chance it is – if the patient is walking into a community pharmacy.

Best,

A handwritten signature in black ink, appearing to read "Douglas H. Hays". The signature is fluid and cursive.