

Study: PBMs Causing Californians to Overpay for Prescriptions

USC study reinforces need for PBM transparency. Assembly Bill 315 is an important first step.

PBM Clawback:

When a pharmacy benefit manager (PBM) charges a consumer a copay for his/her medication that is higher than the full cost of the drug and then 'claws back' the extra dollars from the pharmacy.

PBM Gag Clause:

Some PBMs have inserted 'gag clauses' into their contracts with pharmacies that prevent pharmacists from telling patients when they would pay less for medication by not using insurance.

How does a PBM 'Clawback' Work?



You pick up a prescription at your local pharmacy. After taking your insurance card, your pharmacist says that you owe a \$10 copay, which you pay because you assume that your prescription costs more than \$10 and your insurance covers the rest.



Unbeknownst to you, the drug actually only cost about \$7, and the PBM 'clawed back' the extra \$3.



Because of a PBM gag clause, your pharmacist is unable to tell you that you would have gotten a better deal if you had paid out-of-pocket instead of through insurance.

Source: Kaiser Health News

A new study from USC found that consumers are regularly overpaying for their prescriptions because of PBM clawbacks and gag clauses.

23%

percentage of the time consumers are overpaying for their medication because of PBM clawbacks

\$7.69

average overpayment on those transactions

\$135 million

total overpayments during a six-month period, according to the study

Source: Van Nuys, Joyce, Ribero, Goldman, "Overpaying for Prescription Drugs: The Copay Clawback Phenomenon," 2018.



California Life Sciences Association

California legislators should address PBM clawbacks and gag clauses to help reduce health care costs. #AB315 is an important first step for PBM transparency.