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NCPA Statement on Federal Report Identifying Medicare Part D Overpayments to PBMs

ALEXANDRIA, Va. (March 8, 2011) – The [National Community Pharmacists Association](http://www.ncpanet.org/) (<http://www.ncpanet.org/>) Executive Vice President and CEO Kathleen Jaeger issued the following statement today in response to a new U.S. Department of Health and Human Services' Office of Inspector General (OIG) report concluding that, in the Medicare Part D prescription drug program, beneficiary premiums are higher than they otherwise would be if not for overpayments to plan sponsors, including pharmacy benefit managers (PBMs):

“This report is a wake-up call to Congress of the need for greater PBM transparency to preserve patient access to their pharmacy of choice and to ensure that patients and plan sponsors get the most for their prescription drug dollar. It should be of great concern that PBMs do not always pass on to Medicare and beneficiaries all of the rebates and fees they collect from drug manufacturers. As the OIG concluded, Medicare beneficiaries and taxpayers end up paying more than they otherwise would because of this practice.

“When tolerated in Medicare or other health plans, overpayments to PBMs needlessly drive up health care costs. They also create artificial, inflated pressure that can lead employers and other plan sponsors to consider restricting patient access to their community pharmacist or even requiring the use of mail order when other cost-saving methods are available, such as increasing appropriate use of generic medicines. Community pharmacists lower costs for patients and health plans by consistently dispensing generic drugs [more frequently](http://ncpanet.wordpress.com/2010/11/12/community-pharmacists-leading-the-way-on-generic-drug-utilization-while-pbms-addicted-to-brand-name-rebates/) (<http://ncpanet.wordpress.com/2010/11/12/community-pharmacists-leading-the-way-on-generic-drug-utilization-while-pbms-addicted-to-brand-name-rebates/>) than PBM-owned mail order pharmacies.

“There is no doubt that the practices of PBMs are ripe for greater oversight. With [consumer advocates](http://www.ncpanet.org/index.php/news-releases/170-powerful-diverse-coalition-urges-congressional-leaders-to-strengthen-pbm-transparency-provision-in-final-health-care-reform-bill) (<http://www.ncpanet.org/index.php/news-releases/170-powerful-diverse-coalition-urges-congressional-leaders-to-strengthen-pbm-transparency-provision-in-final-health-care-reform-bill>) and an increasing number of [employers and health plan sponsors](http://www.ncpanet.org/pdf/leg/pbmtranspappendixa.pdf) (<http://www.ncpanet.org/pdf/leg/pbmtranspappendixa.pdf>) calling for this oversight, this report demonstrates further evidence for needed action now.

“It is also important to note that PBMs have paid out \$370 million in recent years to settle allegations of fraud and deceptive conduct. We commend the U.S. Department of Health and Human Services' Office of Inspector General for examining these issues and urge Congress and the Centers for Medicare and Medicaid Services to consider reforming PBM practices for the benefit of consumers and the Medicare system.”

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The National Community Pharmacists Association (NCPA®) represents the interests of America's community pharmacists, including the owners of more than 23,000 independent community pharmacies, pharmacy franchises, and chains. Together they represent a \$93 billion health-care marketplace, have more than 315,000 employees including 62,400 pharmacists, and dispense over 41% of all retail prescriptions. To learn more go to www.ncpanet.org or read NCPA's blog, The Dose, at <http://ncpanet.wordpress.com>.