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## **PCMA Outlines \$100 Billion in Prescription Drug Savings to Help Avoid Sequestration Budget Cuts**

(Washington, DC)—As policymakers are faced with reducing future projected budget deficits by \$1.2 trillion through 2021 as part of sequestration, the **Pharmaceutical Care Management Association (PCMA)** has outlined opportunities to leverage greater use of pharmacy benefit management tools to save the federal government more than \$100 billion in prescription drug costs over ten years.

“The solutions we outline would save more than \$100 billion, improve prescription drug benefits, and increase access to these benefits,” said **PCMA President and CEO Mark Merritt**. “During these difficult economic times, it is more important than ever to offer meaningful cost-saving solutions instead of special interest mandates that add to the deficit.”

*Click here*

*(<http://www.pcmanet.org/images/stories/uploads/2012/final%20pcma%20savings%20letter%20on%20sequestration%20oct%202012.pdf>) to read PCMA’s letter*

Using innovative cost-saving tools and technologies, PBMs work with payers to design drug benefits that reduce costs and expand access to prescription drugs. These tools – including pharmacy networks, home delivery, utilization management (such as step therapy and prior authorization), and formularies – help make prescription drug benefits more affordable.

Below are options that would generate \$100 billion in prescription drug savings:

- **Modernize Medicaid Pharmacy.** Over the next decade, the federal government could save \$21 billion – without cutting benefits or payments to doctors and hospitals – by modernizing Medicaid pharmacy benefits. Currently, the program uses fewer generic drugs, rarely uses preferred networks, and pays drugstores more than double the dispensing fees that Medicare or private insurers pay.
- **Encourage Chronic Care Pharmacy and Home Delivery.** Currently, beneficiaries in private-sector retiree plans use home delivery four times more often than those in Part D plans because Medicare places restrictions on home delivery benefit options. Home delivery is popular with patients because it offers less expensive 90-day prescriptions and is more convenient than driving to the drugstore. With mail-service pharmacies, patients can get private counseling over the phone from trained pharmacists seven days a week, 24 hours a day. Removing Medicare’s restrictions on home delivery and encouraging beneficiaries to

get their maintenance medications by mail could improve drug adherence and save Medicare on hospital and physician costs.

- **Allow Plans in Medicare and the Exchanges to Negotiate Discounts on Every Brand Drug.** Increase price competition among brand drug manufacturers by removing the mandate that “all or substantially all” drugs in Medicare’s six protected classes be covered. When manufacturers are guaranteed that their drug will be covered, they have no incentive to offer price concessions to Part D, exchange plans, or beneficiaries. The “protected drug class” rule in Medicare Part D makes it virtually impossible to negotiate price concessions on certain brand drugs and has, according to the Centers for Medicare and Medicaid Services (CMS) Actuary, increased prescription drug costs by \$4.2 billion.
- **Maximize Generic and Therapeutic Substitution in Part D.** Fully realize the potential savings as outlined by CBO by increasing generic and therapeutic interchange opportunities in Part D and shifting spending from the most expensive single source drugs to equally effective lower cost options.
- **Expedite the Approval of Biogenics.** Increase competition for biologic drugs by reducing the number of years a drug company has “exclusivity” or monopoly pricing power. As the number and costs of these expensive biologic drugs drastically increases, so does the urgency to begin the approval pathway for biogenics as quickly as possible.
- **Reduce Generic Cost Sharing for Part D Low Income Subsidy (LIS) Enrollees.** Compared to other Part D enrollees, LIS enrollees are using more expensive brands even when a lower cost generic is available. Consistent with the Medicare Payment Advisory Commission’s (MedPac) recommendations, reducing or eliminating cost sharing can increase the use of lower cost generics with no compromise in quality or access.
- **Ban a Tax Deduction for Direct-to-Consumer (DTC) Drug Advertising.** DTC drug advertising is a key tool used by brand drug manufacturers to drive consumers to take brand medications. The costs of this advertising are tax deductible. While the First Amendment allows for such advertising, it does not require taxpayers to subsidize promoting the most expensive drug treatments.

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*PCMA represents the nation’s pharmacy benefit managers (PBMs), which improve affordability and quality of care through the use of electronic prescribing (e-prescribing), generic alternatives, mail-service pharmacies, and other innovative tools for 216 million Americans.*