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## Drug Price Transparency – Pitfalls for Consumers and Solutions for Employers

By Dave Tighe

Recently, there has been a good amount of buzz about drug price transparency, and it's not just private sector employers clamoring for better transparency. In October 2018, Centers for Medicare and Medicaid Services (CMS) posted [proposed regulations for drug transparency](#) on its website. These regulations would require specific drug manufacturer pricing disclosures as well as advertising guidelines. In addition, California has passed new regulations designed to hold pharmacy benefit managers (PBMs) accountable, and Health and Human Services (HHS) is pushing to require drug prices to be put into TV advertisements.

### Any Response from PBMs?

Earlier this month, a major PBM announced a “guaranteed net cost” model. Although few details have been shared, it appears this is a response to criticism of the PBM industry by CMS and other federal entities. At least one PBM is positioning itself to be part of the solution, responding to the lack of transparency and rising drug prices, rather than perpetuating the problem. However, here are a few things to keep in mind as the push for drug transparency continues.

*Manufacturers' drug prices do not represent what consumers would actually pay*

With our complex healthcare system, actual drug costs to a consumer can depend on the:

- Plan sponsor (Employer, Medicare Part B, Medicare Advantage with Part D, etc.)
- Retail pharmacy (e.g. CVS, Rite Aid, Walgreens, etc.)
- Plan design and cost-sharing (fixed dollar copay, coinsurance, etc.)

Showing the raw drug costs on TV ads could help, but it could also produce a negative impact as consumers will be more confused when they show up at the pharmacy and their costs don't match what they saw on TV.

*Knowing drug prices upfront does not necessarily mean that consumers will choose cheaper drugs*

It wasn't long ago that medical cost transparency was a new and hot topic in healthcare. While there is still much work to be done to improve medical cost transparency, one lesson learned early on was that just having transparency doesn't lead to better consumerism. Technology and tools were developed to answer the demand for transparency, but many consumers, who have access to these tools, aren't using them. Why?

- Patients trust their doctors and often will not question or push for lower cost options
- Doctors don't often know what is the lowest cost option, especially for you and your specific plan
- Some believe a higher cost option must work better than a lower cost option

### Can Employers Help Find the Right Solution?

We don't know what the best solution is, but we know more prescription drug market transparency is needed. Perhaps the right answer is a combination of:

- Transparency tools that are integrated with consumers' actual prescription drug plan and benefits, and
- A patient advocacy program that can intervene and help consumers navigate the complicated prescription drug system.

The good news is several PBMs have transparency tools and patient advocacy programs already available or currently being developed. If you are an employer with a self-insured prescription drug benefit, you likely have some options and should consider discussing what you can do with your consultant or broker and your PBM.

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Questions? Contact the Findley consultant you normally work with, or Dave Tighe at 419.327.4194, [Dave.Tighe@findley.com](mailto:Dave.Tighe@findley.com).

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