

Bob – we understand that you’re writing a story on a 46brooklyn report - “New Drug Pricing Analysis Reveals...”

We’d like to submit a statement to you, along with background points that we hope you can consider. As we’ve discussed, this group puts out reports that pick and choose data for their conclusions, to which they have obvious ties.

**PCMA Statement:**

“The data peddled by special interest lobbyists cherry-picks a very small number of drugs and therefore gives an incomplete and inaccurate picture of prescription drug costs in Medicaid.

Pharmacy benefit managers (PBMs) serve as the only check against drugmakers’ sole power to set and raise prices. PBMs advocate on behalf of consumers to keep prescription drugs accessible and affordable and improve the quality of benefits for consumers, employers, and public programs, including Medicaid.

In addition, often specialty drugs require a level of experience and expertise that most drugstores simply do not possess.”

**Background Points on 46brooklyn/3 Axis Advisors reports on PBMs in Medicaid Managed Care programs**

- Research conducted by 46brooklyn/3 Axis Advisors is narrow and limited because it highlights only a very few selected drugs, while paying little or no attention to the costs of the overall health plan. This is “cherry-picking” specific generic drug examples, which are very few, that fit their created narrative, but are not representative of drug spending generally.
- The National Average Drug Acquisition Cost (NADAC) and CMS’s State Drug Utilization Data (SDUD) are used by 46brooklyn as primary data sources. These sources are highly variable and not always reliable for drug pricing analyses. For example, NADAC does not accurately show acquisition costs for specialty drugs and specialty pharmacies, and generic specialty drugs comprise nearly all of the specific examples cited in 46brooklyn research.
- The 46brooklyn research omits any analysis of rebates and price concessions, and the analysis of NADAC costs to pharmacies does not include other discounts, such as wholesaler discount to pharmacies.
- Reimbursement for a few generic drugs is a small portion of the overall picture. Health plan sponsors make decisions on PBM contracts based on the overall costs, quality, and outcomes associated with the entire benefit plan. In Ohio, generic drugs accounted for 83.4% of Medicaid MCO prescription drug volume, for example, but only 22.5%% of total MCO prescription drug gross spending. Focusing on a sliver of one small component of spending is not uncovering gross market distortions.