



Citizens' Council for Health Freedom

Health Freedom Minute

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Pharmaceutical Middlemen Make Millions

There are many reasons for increasing drug costs, including third-party payment, consolidation, and government involvement, but a large government-protected middleman is also to blame: the PBM. Three Pharmaceutical Benefit Managers (or PBMs) control 72 percent of the drug market. These PBMs pay pharmacies on behalf of health plans, and then bill health plans for the cost of these medications.

But the lower they can drive payments to pharmacies, the more money they can keep from health plans. For example, two PBMs billed Medicaid managed care plans \$2.5 billion last year, but only paid \$2.3 billion to pharmacies. They kept \$200 million for themselves.

“Pharmacists Take Aim at Benefit Managers,” Jonathan LaMantia, Modern Healthcare, November 19, 2018:

<https://www.modernhealthcare.com/article/20181119/NEWS/181119942>

Presented daily by Twila Brase, President, Citizens' Council for Health Freedom.

*The Health Freedom Minute is now heard in 47 states:
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