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Government Price-Setting Policies Do Not Address Systemic Health Equity Issues

From state Prescription Drug Affordability Board (PDAB) action to the implementation of the Inflation Reduction Act (IRA), state and federal price-setting policies do little to solve barriers to care for historically underserved communities that are disproportionately impacted by chronic conditions.

Instead, they put access to medicines at risk while letting insurers and pharmacy benefit managers (PBMs) off the hook by allowing them to pocket tens of billions in drug manufacturer rebates and discounts that should be going to patients at the pharmacy counter.

A Closer Look at Some of the Root Causes of Health Disparities or Barriers to Care

- **Insurance practices:** For example, high deductibles, narrow formularies and utilization management exacerbate health disparities.[1,2]
- **Structural racism:** Often underlies social determinants of health and drives inequities in health care.[3]
- **Environmental challenges:** For example, 48% of Tribal households in Native communities lack access to reliable clean water.[4]
- **Financial & educational disparities:** The top 10% of American earners make 9 times more than Americans in the bottom 10% of earners.[5]
- **Barriers to accessing providers:** For example, less availability of culturally and linguistically appropriate health care.[6]

Government Price Setting Puts Access at Risk While Not Addressing Barriers to Care

- **Disempowers patients:** Allowing the government to set prices could further disempower patients in making informed health care decisions with their providers about medicines that work best for them, thereby widening health disparities.
- **Devalues diversity:** Governments often use metrics, like the Quality Adjusted Life Year (QALY),[7] that devalue the lives of underserved patients, including those from communities of color. For example, a lifesaving treatment for Black patients can be valued up to 10% less than it is for white patients using metrics such as the QALY.[8]
- **Ignores existing barriers:** Underserved communities, particularly lower income populations, may struggle to access transportation to a health care provider's office or take time off work to visit their provider. Proposed state PDAB legislation too often overlooks and exacerbates the needs of historically disadvantaged and underrepresented populations.[9]
- **Reduces R&D:** Price-setting policies could reduce incentives for investment in research and development, impacting a wide array of therapeutic areas and affecting work to combat diseases and conditions that disproportionally impact Black and Brown populations.[10]

Improving Health Equity Requires Making Insurance Work Like Insurance

Pharmacy benefit managers (PBMs), the middlemen for health insurance companies, prioritize their financial interests over the health interests of patients.[11]

From charging fees tied to the price of medicines or steering patients towards pharmacies that deliver higher profits, **powerful middlemen are using their dominance over the market to drive behavior that serves their interests, not patients**.

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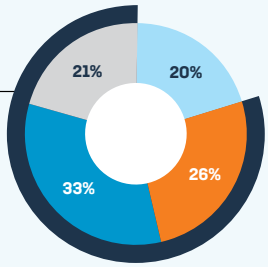
Health Insurer and PBM Consolidation

Just Three PBMs Control 80% of the Market and Either Own or Are Owned by Health Insurers

- CVS Caremark (CVS Health)
- Evernorth, formerly Express Scripts (The Cigna Group)
- Optum Rx (UnitedHealth Group)
- All Other

TOP 3 MARKET SHARE: 80%



	CVS Health	UnitedHealth Group	The Cigna Group
PBM	CVS Caremark	Optum Rx	Evernorth Health Services
INSURER	Aetna	United Healthcare	Cigna

Sharing Manufacturer Rebates Directly with Patients Is One Way to Improve Access, Especially for Underserved Communities

Sharing rebates[12] directly with commercially insured patients could reduce:

- Total health care costs by **$1,000 per person annually** or **$8 billion over 10 years**.
- Patient spending by **$1.5 billion over 10 years**.
- Mortality by **700 deaths annually**.

Join us in supporting commonsense reforms. PhRMA supports practical policies that focus on promoting affordable coverage options that serve patient needs, including capping annual patient out-of-pocket spending, lowering cost sharing and making it more predictable and sharing savings from negotiated rebates directly with patients at the pharmacy counter.

Learn more at **PhRMA.org/states** and **PhRMA.org/Equity/SDOHandMedicines**

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