Steve Pociask: State Medicaid PBM needs to do the right thing for patients and taxpayers

Posted on Monday, May 1, 2017

The column below reflects the views of the author, and these opinions are neither endorsed nor supported by WisOpinion.com.

Pharmacy benefits managers (PBMs), companies that administer prescription drug plans on behalf of insurers and employers, have recently come under increased scrutiny for the role they play in increasing prescription drug costs. By acting as middlemen in the process of negotiating drug prices between drug manufacturers and health plans, they create "an environment for conflicts of interest that drives PBMs to work for their own self-interests and not the sponsors that hired them – all while pushing up higher drug prices for consumers."

PBMs also play this role in state Medicaid programs, which means their actions can adversely impact not only consumers but taxpayers as well.

There's a distinct lack of transparency for the process used to make drug coverage decisions. PBMs can price-squeeze pharmacies and get sizable rebates from drug manufacturers without ever passing these savings on to consumers. According to one consumer advocate, "The combination of formularies (the list of medicines covered under an insurance plan), tiers and criteria used to determine the placement of these drugs and how a consumer can challenge these decisions is complex and opaque." For public health crises, these conflicts of interest and opaque processes exacerbate on-the-ground problems for patients and providers.

This is particularly the case for the current opioid addiction crisis, which has reached epidemic proportions across the U.S. with the Upper Midwest being hit particularly hard. In Wisconsin, deaths from overdose topped deaths from car accidents for the first time last year. And as medication-assisted treatments, such as naloxone and buprenorphine, have risen in use among doctors and first responders treating patients for addiction, PBMs have come to play a bigger role in the efforts to address this epidemic.

Yet in Wisconsin, the primary PBM in the state may be choosing to put profits before patients, favoring its cozy relationship with a controversial drugmaker over what's best for patients, taxpayers and law enforcement. The maker of the addiction treatment Suboxone is being sued by the state's Attorney General (along with more than 30 other states) for alleged product hopping and falsely raising safety concerns in order to limit generic competition. However, Suboxone film strips are the state's only preferred drug for Wisconsin's Medicaid program, for which Magellan is the PBM. Other buprenorphine treatments exist which use less of the active ingredient, don't have the concerns Suboxone does about accidental child ingestion, and aren't made by companies currently being sued by the state's top law enforcement official.

Maybe its time for Magellan to move to alternative treatments, as other states have for their Medicaid programs. In fact, Maryland recently replaced Suboxone strips with a competitive tablet form of the treatment. The results have been positive in Maryland, including a marked decrease in prison smuggling.

On May 10th, Magellan will make a recommendation to the state's Medicaid Prior Authorization Committee on whether to continue with the same drug or move to a lower-cost generic drug. Sticking with the status quo will limit treatment options for patients and favor a drug manufacturer that has allegedly acted to keep prices artificially high. Magellan and the Medicaid Prior Authorization Committee should do the right thing and strongly consider competitive alternatives made by less-controversial drugmakers. Wisconsin's patients and taxpayers deserve better.

— Pociask is president of the American Consumer Institute, an educational and research organization. For more information about the Institute, visit www.theamericanconsumer.org or follow us on Twitter @Consumerpal.