

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/drug-rebates-help-many-but-not-patients-1537740261>

OPINION | LETTERS

Drug Rebates Help Many, but Not Patients

Pharmacy-benefit managers that are middlemen to middlemen, two orders of magnitude between the consumer and producer.

Sept. 23, 2018 6:04 p.m. ET



PHOTO: ISTOCK/GETTY IMAGES

Joseph Antos and James C. Capretta write in support of pharmacy-benefit managers (PBM) that are middlemen to middlemen, two orders of magnitude between the consumer and producer, with market discipline totally absent (“Drug Rebates Aren’t ‘Kickbacks’” (op-ed, Sept. 17). Certainly, in today’s electronic age pharmaceutical manufacturers could have websites for consumers to

purchase their products after an electronic prescription is received. Alternatively, for a known additional amount, a pharmacist could advise and dispense. Americans with health accounts could pay directly for most drugs, especially generics. Insurance could supplement the individual’s payment to purchase the newer, more expensive items. Reforms of the drug-approval process to lower costs would be beneficial.

Kenneth A. Fisher, M.D.

Kalamazoo, Mich.

The entire PBM industry is all about kickbacks and market manipulation. The more rent takers, the more forced manipulation of consumers and the less transparency there are, the less free any market can be. Oligopsony is the antithesis of a free market and directly leads to increased consumer prices. The safe harbor allowing kickbacks and market manipulation for PBMs needs to be rescinded.

Howard C. Mandel, M.D., FACOG

Los Angeles

Rebates create an environment where higher-list-price drugs are favored, providing zero incentive for pharma companies to introduce lower-priced medicines in competitive therapeutic classes. Over the last five years, according to the Department of Health and Human Services, pharmaceutical spending has increased by 38% while the average individual health-insurance premium has increased by 107%. During the same period, rebates, discounts and fees paid by the biopharmaceutical industry to insurers and PBMs have risen from \$74 billion to \$153 billion—an increase of 107%. Rebates, discounts and fees haven’t slowed precipitous premium increases.

Because PBMs retain a portion of negotiated rebates and other price concessions as compensation for their services, list prices are rising rapidly even as net prices have held

steady. Unsurprisingly, manufacturers are willing to raise prices and transfer the greatest list-price-based rebate value to middlemen to secure preferred formulary position at the expense of real free-market competition, while also limiting the therapeutic options of physicians and patients.

Most rebates are generated from the medicines needed by the sickest patients, including those with cancer, autoimmune disorders and HIV. These patients pay 10 times more out of pocket than healthy patients and are forced to try cheaper or more rebate-rich drugs before getting medicines that work best. Faced with higher out-of-pocket costs and barriers to access, people are more likely to stop their treatment, getting sicker and more expensive to treat.

Rebates targeting the most vulnerable Americans aren't just kickbacks, they are discriminatory and deadly measures as well.

Peter J. Pitts, Robert Goldberg

Center for Medicine

in the Public Interest

New York

Legalized kickbacks for an industry that is controlling the prescription market? This has turned the pharmaceutical market into a pay-to-play operation as manufacturers can pay an increasing kickback for a coveted place on the formulary. Euphemistically calling them rebates is simply a way to keep the money flow of health care hidden from the unsuspecting public.

Marion Mass, M.D.

Perkasie, Pa.

Copyright ©2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.