

Pharmacy Benefit Managers are under pressure: The industry is a lightning rod for America's healthcare system at its worst

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Abstracts

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SUMMARY

By 2019, the Pharmacy Benefit Management market is forecast to grow to \$283bn. Acting as the 'middle men' of America's healthcare system, PBMs process and coordinate the delivery of prescription drugs, and act as intermediaries between payers and other value chain constituents. It is one of the least regulated sectors of the health care system, lacking transparency, choice, and ripe with conflicts of interest.

It is known that PBMs actively engage in conduct that harms the American consumer. Yet, there is increasing pressure on the industry both from healthcare buyers and politicians. A recent scandal surrounding the use of 'gag clauses' between PBMs and pharmacies has tapped into the deeply rooted American believe in the free market, and made PBMs the scapegoat of the ongoing political debate on high drug prices. The industry has consolidated, and is set to defend itself against pressure on all sides, including the entrance of a large corporate new entrant with an agenda to reduce the skyrocketing prices of drugs in America's healthcare market.

KEY HIGHLIGHTS

Pharmacy Benefit Management is a lucrative \$283bn industry that has outgrown its value.

Pharmacy Benefit Management exploits informational asymmetries at the heart of a complex healthcare system, lowering the quality and increasing the cost of American healthcare.

Pharmacy Benefit Management Industry is set to be shaken-up by the entry of an Amazon/JP Morgan/Berkshire Hathaway joint venture. This will change the structure of the industry.

SCOPE

Examines the Pharmaceutical Benefit Management Industry

Evaluates future of Pharmaceutical Benefit Managers within America's healthcare

Assesses reasons behind the ballooning cost of America's healthcare

Looks at consolidation within the Pharmacy Benefit Management Industry.

REASONS TO BUY

What is the future of American Healthcare?

What is at the heart of healthcare inefficiency in the USA?

How will the PBM industry evolve?

How do PBMs make money?

How will PBM consolidation affect patient healthcare?

Contents

Overview

Catalyst

Summary

PBMs: the tapeworm in American Healthcare

Lucrative \$283bn Pharmacy Benefit Management industry is hot topic

50% of the United States drug budget spent on specialty drugs

Historically, PBMs were a countervailing power

Expansion through the value chain towards the formulary

Today, PBMs benefit from rebates, payments, and informational asymmetry

Market opacity has led to rent-seeking by PBMs

Drug rebates retained

Algorithmic assistance

Cream skinning

Overpaying in confidence

Your auditor, my auditor

Attention is shifting to the 'ballooning costs' of healthcare

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About

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