

'Incestuous exploitation?' PBMs and corporate healthcare consolidation

Featuring Ed Weisbart, MD
Physicians for a National Health Program



This time on Code WACK!

We're taking another look at Pharmacy Benefit Managers or PBMs. **Why were PBMs started and how did they morph to become one of the most powerful entities in health care?** Why have they caught the attention of the Federal Trade Commission? ***How are they a threat to consumers?***

To find out, we spoke to Dr. Ed Weisbart, the national board secretary of [Physicians for a National Health Program](#) and former chief medical officer of one of the biggest PBMs in the country. This is the first episode in a two-part series.

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WE DISCUSS

You have had professional experience working for one of the largest PBMs in the country. What are PBMs? How did they come about?

"A PBM is a pharmacy benefit manager. So they literally manage the pharmacy benefit for insurance companies or union groups or whoever else might be providing a pharmacy benefit for people.

"... In my mind, it actually started as a really good thing. ... Pharmacists were faxing their bills to insurance companies or mailing them. So there were big delays. Things would get lost. There was no data. It was a mess. So PBMs first began actually automating that and getting pharmacies to be able to be connected, having data around.

"And when I joined the industry, ... our entire mission was centered around getting the country to be comfortable using the less expensive drugs that were not being used. So generic drugs, specifically. When I joined there, generic drugs were hardly ever used.

"... I think we did a lot of good and lowered the cost of [medicines], made some things maybe even safer. But right around shortly after I left, generic drug utilization had increased from 30% or so to nearly 90%. And so there was no longer really a niche for a business case for keeping to push that. So frankly, the PBM industry gradually shifted towards other things that they could do that I am nowhere near as happy about." - **Ed Weisbart, MD**

So what are pharmacy benefit managers up to now?

"The FTC released a new report about the pharmacy benefit management industry, and I could barely recognize the industry from where it is today to where it was when I left it.

"Oh my gosh... the PBM industry ... it's gotten so profit centric and self-interested and so much less concerned about good health outcomes."

"So one of the things that the FTC report revealed was that the top three PBMs now control 80% of the prescription drugs in this country. The top three biggest PBMs now control 80% of the prescriptions, the top six control more than 90%.

“So this interesting set of organizations now controls frankly, which drugs we're allowed to take, what prices we pay and which pharmacies we can use. And they so enmeshed themselves, so embedded themselves in the system that they often are owned by the same outfits that own insurance companies.

“... The largest PBMs have the same owners as the largest insurance companies, and in some cases have the same owners as the largest pharmacy chains. So it's all one big but not so happy family. And that creates new opportunities for them to be self-referring and to be frank, changing the prices on things in ways that serve their interests, but don't really serve our interests.” – **Ed Weisbart, MD**

So they're .. inflating drug prices by multiple means, including by all this consolidation that's so incestuous [for example] is CVS a pharmacy and a pharmacy benefit manager and a provider and also an insurer?

“Well, they're Aetna, right? So *Yeah*. And an insurer, they're all, they're the whole thing. They're the whole package – one stop shopping.

“Unlike an integrated single-payer national health insurance program that's actually doing this to improve the nation's health.

“Unlike that, this complex integrated program is for profit, and they don't care that something like 30% of Americans can't afford to even take their meds. ” – **Ed Weisbart, MD**

Helpful Links

[Pharmacy Benefit Managers, National Association of Insurance Commissioners](#)

[Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies](#), *Federal Trade Commission*

[Private Capital, Public Impact Workshop on Private Equity in Healthcare](#), *Comments by Lina Khan, Chair, Federal Trade Commission*

[The Role of Pharmacy Benefit Managers in Prescription Drug Markets](#), *House Committee on Oversight and Accountability (Staff)*

Episode Transcript

Read the full [episode transcript](#).

Biography: Ed Weisbart, MD

Ed Weisbart, MD, is the national board secretary of [Physicians for a National Health Program](#), vice president of the [Consumers Council of Missouri](#), and health policy advisor for [Code WACK!](#)

He practiced family medicine for 20 years at Rush Medical Center in Chicago and spent seven years as chief medical officer of a Pharmacy Benefit Manager until retiring in 2010 to devote his time to advocating for healthcare justice.

He is an author and popular speaker about single-payer health care, the ongoing attacks on today's Medicare program, and how to find common ground across political chasms.

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