PCMA: Maine Repeals Costly PBM Fiduciary-Disclosure Law

Failed Law Increased Prescription Drug Costs, Reduced Competition

Washington, DC (PRWEB) June 29, 2011 -- In a clear victory for consumers and employers, the Maine state legislature voted yesterday to repeal the state’s costly law mandating fiduciary-disclosure requirements on pharmacy benefit managers (PBMs). The law had forced all employers into a mandated state-prescribed contract model for pharmacy benefits and also required the disclosure of proprietary financial contract terms between PBMs and their health plan and employer clients.

The Pharmaceutical Care Management Association (PCMA) and other supporters of repealing the law—including the state employees plan, employers, and consumers – said the law eliminated competition among pharmacy benefit managers and increased prescription drug costs.

“Legislators across the country are learning that anti-PBM laws simply increase health care costs,” said PCMA President and CEO Mark Merritt. “This sends a signal to other states that may consider anti-PBM laws: buyer beware.”

PBMs reduce health costs for employers, unions, Medicare Part D and other payers by negotiating discounts from drugstores and drug manufacturers, increasing the use of more affordable generic options, and introducing other cost-saving innovations like 90-day home delivery of prescription medications.

Since the enactment of the Maine legislation in 2003, more than 30 states have considered and ultimately rejected similar legislation because it would lead to increased costs without any benefit for consumers. For these reasons, a broad coalition of consumers, Fortune 500 employers, labor unions, health insurers, and others have worked together to defeat these proposals at the state level across the country.

Maine was the only state that imposed such fiduciary-disclosure requirements on PBMs. The Federal Trade Commission (FTC) has explored this issue numerous times and found that the wrong kind of transparency increases, rather than decreases, costs. The savings PBMs provide have been recognized by numerous government and independent analyses. In recent years, the FTC, Government Accountability Office (GAO), and the Centers for Medicare & Medicaid Services (CMS) have all highlighted the substantial savings generated by PBMs for public and private payers.

PCMA represents the nation’s pharmacy benefit managers (PBMs), which improve affordability and quality of care through the use of electronic prescribing (e-prescribing), generic alternatives, mail-service pharmacies, and other innovative tools for 210-plus million Americans.

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