



## Texas Health Insurance Providers and PBMs Fight Out-of-Control Drug Prices

### Description

January 21, 2021

While Big Pharma is posting record profits, too many hardworking Americans have to choose between paying their bills and accessing life-saving medicines. Today, [more than 21.5 cents](#) of every health care dollar still go to pay for prescription drug costs—more than any other health care expense. That's why TAHP is prioritizing health insurance provider and PBM efforts to lower drug prices this legislative session.

Learn more about prescription drug costs and efforts to reduce the cost of coverage [here](#).

### Prices are Increasing...and Big Pharma is Profiting

Drug makers are making record profits through their record prices—and not because they are launching new medications. In January 2020, drug makers increased prices on [more than 200](#) prescription drugs despite the mounting affordability crisis. Despite the economic hardships the COVID-19 crisis has created for tens of millions of Americans, drug makers raised their prices at

rates even higher than in previous years on [67 brand-name medicines](#) in July 2020 and have already increased prices again on [582 brand-name medicines](#) in January 2021.

## **The Problem Is the Price of Drugs**

Everyone should be able to get the medications they need at a price they can afford. Health insurance providers work alongside pharmacy benefit managers (PBMs) to negotiate lower drug prices for patients across the state through strategies such as rebates. The combined efforts of health insurance providers and PBMs will save Texan consumers and taxpayers [more than \\$80 billion](#)—over 30%—over the next decade. “The underlying problem continues to be the price,” Leigh Purvis, Director of Health Care Costs and Access at the AARP Public Policy Institute, noted in her [Food for Thought](#) webinar, [Prescription Drug Prices: Recent Trends and Opportunities for Change](#).

## **It’s Time for Solutions, Not Distractions**

At a time when Big Pharma continues to hike up prices, it is more important than ever that health insurance providers and pharmacy benefit managers (PBMs) have the tools they need to negotiate and advocate for the lowest possible prescription drug costs for Texas patients and employers. TAHP supports health insurance providers and PBMs’ use of private market solutions and competition to advocate for lower drug prices for Texas patients and employers and we oppose government mandates such as any willing provider mandates and formulary freezes, that undermine competition in the private market and increase the cost of drug coverage for Texans. Milliman recently estimated that frozen formulary legislation would increase health insurance prescription drug costs in Texas by more than \$400 million over 5 years.

Last session, the Texas Legislature passed some of the [strongest drug price transparency disclosures](#) in the country. However, some drug companies are

refusing to provide the reasons behind their rate increases or the information they are providing is vague or meaningless undermining the goal of increased transparency. The Legislature should ensure that HB 2536 is fully implemented and enforced so that all required information for price increases is reported and posted on a public-facing, consumer-friendly website in a timely manner.

Learn more about prescription drug costs and health plan and PBM efforts to reduce the cost of coverage:

- [PBMs: Negotiating Lower Prescription Drug Prices in Texas](#)
- [Fighting For Lower Drug Prices For You](#)

Americans need real solutions to stop Big Pharma's price gouging. Working together, we can fix this broken system. Doctors, hospitals, nurses, businesses, patients, health insurance providers, and especially pharmaceutical companies need to collaborate and cooperate on market-based solutions that will bring down costs for hardworking Americans.

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