Predatory Practices of Legacy PBMs

Vitori HEALTH

CONTRACT CONNIVING

- **Convoluted contracts with countless "gotchas" and extra or hidden charges**; delayed onset of savings and guarantees; prohibitions on data sharing, auditing, engagement of other pharmacy-related services; penalties for early termination; and more.
- Gag clauses in contracts with pharmacies which prevent them from telling a patient when the non-insurance cash price of a drug is less than their copay.

SPREAD PRICING SHENANIGANS

- **Playing separate, secret contracts with drug wholesalers and manufacturers, pharmacies, and employers against one another** — paying pharmacies an undisclosed price for a drug and charging the employer a higher price and pocketing the difference.
- Using Average Wholesale Price (AWP) or other bogus pricing indexes to artificially inflate acquisition costs.
- Using different Maximum Acquisition Cost (MAC) lists for employers and pharmacies.
- Creating spread by artificially changing drug identification codes.
- When a member's copay is more than the actual cost of the drug and this difference is later "clawed back" from the pharmacy and kept by the PBM.
- Using drug reclassification and recoding to pay the pharmacy for a generic or lower cost drug cost while charging the employer for a brand or higher cost drug.
- Dispensing 90-day fills while charging the employer for a 100-day supply.

REBATE ROBBERY

- **Keeping all or most manufacturer rebates, credits, and incentives — even under "full pass-through" contracts.**
- Rebate-driven formularies rather than evidence-based.
- Paying rebates quarterly instead of monthly to "float" money.
- Using third-party rebate aggregators who keep a piece of rebates.
- Receiving but not paying rebates for insulin.
- Keeping non-formulary drug rebates.
- Altering the guaranteed per prescription rebate by changing the base number of drugs.
- Charging employers an injection fee for in-pharmacy vaccination, but stiffing the pharmacy.

MISCELLANEOUS MALFEASANCE

- Little to no clinical management to ensure right patient, right drug, right reason.
- High-cost, low-value, rebate-driven drug formularies to increase profits.
- 90%+ automatic prior authorizations for expensive medications.
- Auto-filling mail prescriptions early to get an extra prescription in during a year.
- Steerage to PBM-owned pharmacies to pump up profits.
- Using overseas Group Purchasing Organizations (GPOs) as shells to avoid regulations and funnel additional monies to the PBM.

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