



# Prescription Drug Pricing in Washington: Employers Overcharged, Pharmacies Underpaid, PBMs Reaping Profits

A new, first-of-its-kind [study](#) details how pharmacy benefit managers (PBMs) are manipulating the prescription drug marketplace in Washington at the expense of employers, pharmacies and patients.

The study, *Understanding Drug Pricing from Divergent Perspectives: State of Washington Prescription Drug Pricing Analysis*, analyzed both sides of the PBM's drug transactions for the first time: what pharmacies are paid and what employers are charged for the same drug.

## Here are key findings from the study:



Average plan sponsor (employer) costs were **approximately \$165,000 higher (roughly 80% more on generic drug transactions)** than the reimbursement provided to pharmacies (approximately \$8 more per prescription).\*



Plan sponsor (employer) costs **increased by 30%** while commercial pharmacy reimbursement **decreased by 3%** between 2020-2023.



PBM-affiliated mail-order pharmacies had prescription markups that were more than **three times higher** than the markups at retail pharmacies.



Plan sponsors were charged **more than \$1,000** in markups per prescription at PBM-affiliated mail-order pharmacies despite retail pharmacies typically filling those medicines at a loss.\*\*

\* For a subset of matched claims between the plan sponsors and the pharmacies  
 \*\* For a subset of claims comprised mostly of costly "specialty drugs"

## Two examples stand out among the study's most troubling findings.

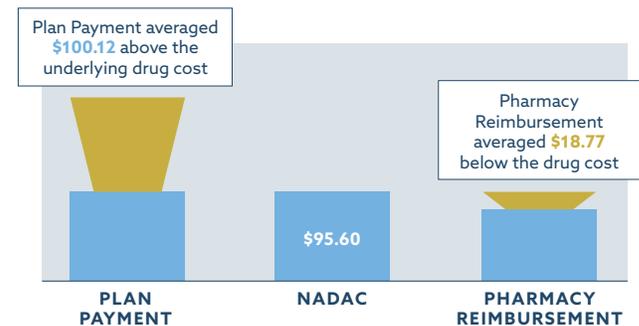
- Plan sponsors (employers) are being charged an average of \$4,465 for the drug teriflunomide at PBM-affiliated mail order pharmacies, even though the drug could be purchased at the Mark Cuban Cost Plus Drug Company for less than \$20.

WASHINGTON PLAN SPONSOR DATA VS MCCPDC PRODUCT EXAMPLES (2022 - 2023)

| Drug Name                       | Pharmacy Class of Trade | Avg Plan Cost per Rx | Avg MCCPDC Cost per Rx | Delta (Plan Cost- MCCPDC) |
|---------------------------------|-------------------------|----------------------|------------------------|---------------------------|
| Teriflunomide Oral Tablet 14 MG | Mail                    | \$4,465.11           | \$17.80                | \$4,447.31                |

- For the popular addiction treatment medication buprenorphine-naloxone SL, plan sponsors were charged \$100.12 above the underlying drug costs while pharmacies were paid \$18.77 below their acquisition cost.

BUPRENORPHINE-NALOXONE 8-2 MG SL, ESTIMATED PER RX IMPACT OF SPREAD OVERPAYMENTS (PLAN SPONSOR PERSPECTIVE)



This study's comprehensive analysis of plan sponsor charges and pharmacy payments for the same prescription drugs provides a clear picture of how employer drug costs are rising even as payments to pharmacies are shrinking, with PBMs emerging as the big winners in a system they control.



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*“Never before have we had this clear picture of the ways PBMs drive up costs for everyone involved in the prescription drug marketplace. Armed with this knowledge, employers should be reviewing their data and contracts for egregious pricing practices. It’s time to demand consultants and PBMs deliver contracts that significantly lower prescription costs for the patient and plan sponsor and provide equitable reimbursement for all pharmacies. If your partners cannot deliver, it’s time to make a change.”*

**DENISE GIAMBALVO**, Director of Member Engagement & Business Strategy, WHA

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*“It is challenging enough operating a pharmacy, let alone one that is working to assure affordable access to critical medicines and services to our patients regardless of their ability to pay. Doing this in a heavily consolidated and volatile PBM-controlled marketplace makes the work even more challenging. It is salt in the wound to discover that while PBMs underpay small pharmacies, they are simultaneously enriching the giant, out-of-state mail-order pharmacies that they also own.”*

**LISA NELSON**, PharmD, Chief Pharmacy Officer at Unity Care Northwest

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*“This study is groundbreaking. For the first time, we’re seeing “the spread,” or difference, between the prices pharmacy benefit managers (PBMs) charge employers for drugs to the actual amounts received by independent and chain pharmacies. While the average spread was about \$25, the employers in the study paid hundreds of dollars more for some drugs per prescription. It’s a wake-up call.”*

**MICHELE RITALA**, Benefits Strategic Planner, King County, WA

The study was released by the Washington State Pharmacy Association (WSPA), Washington Health Alliance (WHA) and 3 Axis Advisors. To learn more, visit [www.wsparx.org](http://www.wsparx.org). You can also read the full report [here](#).