

Missouri PBM Reform: Separating Myths from Facts



Myth 1 PBM reform will raise premiums for plan sponsors.

Fact

Studies and state experience show the opposite.

- **Arkansas:** No premium increases following PBM rebate reform. ([Phrma](#))
- **West Virginia:** Average premium increases dropped by 52% after requiring PBM rebate pass-through. ([Benefits Pro](#))
- **Nationally:** States with PBM oversight saw premiums rise 0.3% below the national average; states without oversight rose 0.4% above. ([NCPA](#))

Bottom Line: Transparency laws stabilize or lower costs and are never shown to raise them.

Myth 2

PBMs save employers money.

Fact

Hidden fees, misaligned incentives, and opaque contracts inflate costs.

- PBMs tie compensation to a percentage of a drug's list price, favoring expensive drugs with higher rebates. ([National Library of Medicine](#))
- 60% of benefit leaders say PBM contracts are too complex and designed to benefit PBMs over patients or employers. ([Alliant](#))
- Employers, even "good" ones, are facing lawsuits for not managing PBM contracts transparently. ([HR Brew](#))

Bottom Line: PBM 'savings' often come from marking up drugs and pocketing rebates—not from reducing costs for employers or patients

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Myth 3 PBM pass along rebates to reduce drug prices.

Fact

Rebates enrich PBMs and their parent insurers, not patients.

- FTC found PBMs charged employers markups exceeding 100–1,000% on specialty drugs while reimbursing their own pharmacies at higher rates. ([FTC](#))
- CVS Caremark fined \$290 million for overcharging Medicare; Centene paid \$1 billion+ to states for Medicaid overbilling. ([Healthcare Dive](#))
- Illinois recovered \$45 million from CVS Caremark for failing to pass manufacturer rebates to the state. ([Drug Topics](#))

Bottom Line: PBMs are the fox watching the hen house. From rebates to hidden fees and blatant over-charging, they put profits over patients.

Myth 4 PBMs bring value to the market.

Fact

PBMs are vertically integrated conglomerates controlling nearly 80% of the prescription market through three parent insurers.

- PBMs steer prescriptions to their own pharmacies and inflate prices internally. ([FTC](#))
- Express Scripts has faced repeated legal actions and settlements for overcharging and manipulating drug switches for profit. ([CBS News](#))

Bottom Line: These are not neutral intermediaries. Their system rewards their parent companies to the detriment of Missouri employers, patients and Main Street as we lose our local pharmacies.

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Myth 5

Reform isn't needed because the federal government is handling it.

Fact

States are leading the way—and saving money.

- Michigan's lawsuit highlights PBM collusion and vertical integration as key barriers to fair competition. ([Buchanan](#))
- States like Missouri that moved pharmacy benefits out of managed care are improving transparency and avoiding overpayments. ([Wall Street Journal](#))

Bottom Line: Waiting for Washington means higher costs now. States can and should act.

Myth 6

Reform is government interference.

Fact

Reform helps restore capitalism to a broken market.

- PBM reform doesn't fix prices; it forces transparency. When employers and consumers can finally see how rebates, spreads, and markups work, competition can do its job.
- In a true free market, companies win by creating value, not by hiding it. The current PBM model rewards secrecy and self-dealing. Even conservative economists and business coalitions are calling for PBM accountability. ([Business Group on Health](#))
- In rural and underserved areas, losing a pharmacy doesn't just mean less access to medications — it means fewer jobs, weaker local tax bases, and greater pressure on transportation and social services.

Bottom Line: Missouri's healthcare system needs healthy pharmacies and fair, transparent pricing.

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THE BIG PICTURE

- Multiple audits and legal actions involving the 'Big Three' PBMs (Caremark, Express Scripts, and OptumRx) reveal a consistent pattern: over-charging via internal markups, withholding rebates, steering utilization toward higher-cost drugs, and preferential treatment of affiliated pharmacies.
- **\$100 billion** in annual U.S. drug spending could be **saved** through PBM reform. (Managed Healthcare Executive)
- Transparency, accountability, and competition will **reduce costs, protect employers, and put patients first.**

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