Press Release

FTC Sues PBMs Over Insulin Prices

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On September 20, 2024, the Federal Trade Commission (FTC) filed an administrative complaint against the three largest pharmacy benefit managers (PBMs) and their group purchasing organization affiliates for alleged anticompetitive behavior regarding insulin prices. In a new insight, Director of Competition Policy Fred Ashton reviews the complaint and considers the potential ramifications for the broader prescription drug market.

Key points:

- *The FTC alleges that the three largest PBMs engaged in anticompetitive rebate schemes that incentivized manufacturers to artificially inflate the list price of insulin, restricted patient access to more affordable insulin through exclusionary practices, and shifted the cost of high list price insulin to "vulnerable patient populations," violating Section 5 of the FTC Act.*
- *It appears the FTC is wholly ignoring that PBMs do not set list prices for prescription drugs – including insulin – but are rather responding to the market incentives and fulfilling their contractual obligations with the health plan payers to negotiate the lowest net price for prescription drugs from manufacturers.*
- *Restricting or redesigning the PBM business model – without considering the cascading effect on incentives – may not have the desired impact on the cost of drugs and insurance premiums.*

Read the analysis