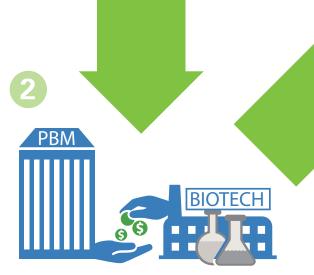
## The Complicated Way We Pay for Medicines

The way we pay for medications is far more complex than a simple sound bite. It is an intricate chain as medicines wind their way from manufacturers to patients and their doctors. Wholesale Acquisition Cost (WAC) is the list price paid by a wholesaler to acquire a brand name drug. Price concessions by manufacturers, such as rebates and discounts are contractually negotiated with purchasers to substantially lower the ultimate price paid for the drug. In 2015, discounts, rebates and other price concessions offset the price growth of brand drugs by an estimated 77–81%.



PBMs reimburse pharmacies, providing a dispensing fee for each drug sold.

Pharmacies are often subject to a network fee to be included in a restrictive network.



PBMs negotiate discounted prices which include, but are not limited to, **rebates** from pharmaceutical companies. PBMs also extract **access fees** from manufacturers to get certain medicines on the formulary.

## The Cost of Innovation Medicines save lives and preserve

quality of life, but they are expensive to manufacture. A new medicine can cost \$2.6 billion and take more than 15 years to develop.



Patients pay a premium to insurance companies. They must also pay **out-of-pocket deductibles, copays** and **coinsurance** for their prescription medicines.

