

## **Background on pharmacy benefit managers and specialty pharmacies**

**ISSUE:** Spending for outpatient specialty drugs in Part D is growing rapidly, and the development pipeline suggests that specialty medicines will increasingly drive spending in the future. As background for considering whether other changes may be needed in Part D to manage outpatient specialty drugs, this paper discusses the key roles played by pharmacy benefit managers and specialty pharmacies.

**KEY POINTS:** This presentation describes the approaches PBMs use to negotiate rebates and discounts on behalf of commercial payers, how specialty pharmacies operate, and the incentives both types of entities face under current business practices.

**ACTION:** Commissioners should review and comment on the material.