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From 'Jeopardy!' to Politico, the PBM ad wars are taking over D.C.

By **Simar Bajaj** July 6, 2023

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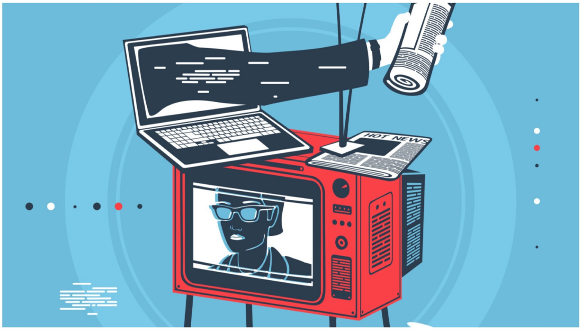

ADOBE

WASHINGTON – If you live in this city, you're probably awash in pharmacy benefit manager ads — whether you're listening to an NPR podcast, reading the New York Times, streaming "Yellowstone," or watching the U.S. Open Golf Championships. It doesn't matter if it's 5 a.m., primetime, or 11 p.m.; in between ads for dog joint supplements and the "Barbie" movie, you will inevitably learn about these middlemen of the prescription drug market.

Ads eviscerating and glorifying PBMs have been around for years. But they've intensified over the past three months as Congress scrutinizes PBMs' role in shaping high drug prices. Over a half-dozen U.S. House and Senate Committees have started investigating PBMs, advancing bipartisan legislation to increase transparency in the industry; ban PBMs from charging more for a drug than what they pay (and pocketing the difference); and require them to pass all fees, rebates, and other payments they receive to insurers.

Lobbying groups have responded to this legislative push with dueling campaigns in the court of public opinion. On one side is the Pharmaceutical Care Management Association, the trade association representing PBMs, which argues that pharmaceutical companies are responsible for high drug prices. On the other side is the industry group PhRMA, which points the finger right back, saying that PBMs are really to blame. Both trade associations have launched ad campaigns worth millions of dollars, blanketing TV, radio, social media, print, and beyond.

These opposing ads often blitz the same audiences. While watching "Jeopardy!" with her partner, "every single commercial break practically, I feel like there's a PBM ad on one side or the other," said Anna Massoglia, an editorial & investigations manager at campaign finance nonprofit OpenSecrets.

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Readers of the news website Politico may similarly encounter both PBM trade group ads declaring that "Big Pharma's smoke-and-mirrors scheme is designed to keep drug prices high. HOLD BIG PHARMA ACCOUNTABLE" and PhRMA ads declaring that "Pharmacy benefit managers (PBMs) decide if medicines get covered and what you pay, regardless of what your doctor prescribes."

PhRMA launched its ad campaign because of the recent surge of legislative and regulatory scrutiny on PBMs, the group's executive vice president of public affairs and strategic initiatives Robert Zirkelbach told STAT. The goal, he said, is to ensure that "we diagnose this problem correctly so that we can get the right policy solutions."

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Accompanying PhRMA's ad push is a six-figure campaign from the National Association of Manufacturers and a seven-figure campaign from the PBM Accountability Project, both of which similarly take swipes at "middlemen insurance companies." At least seven pharmaceutical company executives sit on the manufacturing group's board, including higher-ups from Johnson & Johnson, Eli Lilly, and Pfizer. The PBM Accountability Project, meanwhile, is operated out of the labor union-focused coalition America's Agenda; a PhRMA executive and two health insurance executives sit on this coalition's board.

These groups' ads go further than PhRMA's own. A recent PBM Accountability ad, for instance, solemnly declares that "while patients and employers suffer, PBMs profit" as two blurry men in suits bro hug and hundred dollar bills slide across the background. The ad ends with an explicit call to action, "CONGRESS, END THE PBM SHELL GAME," in contrast to PhRMA's more muted conclusion that "No one should stand between you and your medicine."

Zirkelbach declined to comment on whether PhRMA coordinated its campaign with NAM or the PBM Accountability Project, referring STAT to those other organizations. Neither group responded to multiple requests for comment by STAT.

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JC Scott, the CEO of the PBM trade group PCMA, calls these anti-PBM campaigns "manufactured noise and misinformation that's being put into this public policy discussion." As one illustration of what they see as "somewhat outrageous" criticism, the group's spokesperson Greg Lopes protested what he called the "used car salesman motif." In PhRMA's ads, a silver-haired man in a wrinkled suit snatches a patient's prescription and introduces himself as "your insurance company's pharmacy benefit manager" — before flashing a grin.

"If we're not out there making sure our voice is heard and presenting facts to correct the record," said Scott, "then we're gonna end up with public policy that's built on an incorrect understanding." The PBM trade group's ads thus argue that the real issue with high drug prices are "Big Pharma's egregious price hikes and greedy patent schemes" and portray PBMs as the only check on the pharmaceutical industry's power.

The health insurance trade association America's Health Insurance Plans has also recently launched its own seven-figure campaign attacking the pharmaceutical industry. (Major insurance companies CVS, UnitedHealth, and Cigna own the three PBMs that control 80% of the market, though UnitedHealth is not part of AHIP.) Spokesperson Kristine Grow said that the goal of the campaign is not to defend PBMs but "to stand up against Big Pharma shenanigans."

In explaining the need for their advertising crusades, both AHIP and PCMA portrayed

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themselves as underdogs in the fight against pharmaceutical companies. Drugmakers' ad spending, Grow suggested, "would easily dwarf anything that anybody else is spending here."

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She may be right about that. TV ad analytics company iSpot found that, between April 1 and June 26, television ads from the PBM Accountability Project reached 14.8 million households, while ads from PhRMA reached 11.1 million households. (These estimates, made at STAT's request, are based on data from 52 million cable and satellite devices and smart TVs, as well as extrapolations from census data.) By contrast, iSpot estimates that ads from the PBM trade group reached fewer than 1 million households over this period.

Advertising intelligence company Vivvix CMAG also analyzed the number of PBM ads across broadcast TV at STAT's request, estimating each group's spending based on rates provided by the stations. The organization found that over the past three months in Washington D.C., PhRMA and PBM Accountability Project likely spent a combined $435,190 on broadcast TV ads — almost six times higher than the PBM trade group's estimated spend of $74,980.

Outside of the D.C. market, Vivvix CMAG senior data analyst Chris Sebastian wrote in an email that "as far as *broadcast* goes the Anti-PBM side has the whole space to itself at the moment."

Social media advertisements analyzed by STAT using the Meta Ad Library report similarly demonstrated that, between April and June, the PBM trade group has been spending somewhere between $102,400 and $144,124 on Facebook ads across 46 states. By contrast, PhRMA has been spending between $476,500 and $599,076 on PBM ads over that period on both Instagram and Facebook across all 50 states.

Despite the mismatch in ad spending, PhRMA's Zirkelbach declined to comment on whether drugmakers are winning the messaging battle but said that he welcomed the fact that regulators are putting players outside the pharmaceutical industry under scrutiny. "As people have begun to actually look under the hood of what the problem is, they're starting to realize, 'Hey, there are other actors in this system that need to be addressed,'" he said. "And we're glad to see the conversation broadening."

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Still, the PBM and health insurance trade groups remain confident in their ability to win this fight against drugmakers (and presumably fend off congressional reform). "The good news is that the facts are on our side," said PCMA's Scott. "Once you understand the facts, once you understand the market, I think policymakers will reach the right conclusion."

The simplicity of all these advertisements — and their dueling nature — obscures the reality that pharmaceutical companies, PBMs, and health insurers have all played a role in shaping high drug prices, according to former health care insurance executive Wendell Potter, who now leads the Center for Health and Democracy nonprofit. While drug pricing has long been an issue on Capitol Hill, Potter said that the Inflation Reduction Act, which was passed last year and allows Medicare to negotiate lower drug prices, showed "the willingness of Congress to take on powerful industries." Now, groups across the pharmaceutical supply chain are worried that they might be targeted next.

One of the best ways to avoid regulatory scrutiny, Potter emphasized, is to point the finger at someone else and sow confusion. "Having spent many years myself as a corporate propagandist, I can tell you that it is easy to confuse people," Potter said, "easy to persuade them to think the way you want to — or get afraid of change."

About the Author

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