

## Benefit managers sued over rising drug costs

*Boston Herald (MA) - March 19, 2003*

- Author/Byline: Jennifer Heldt Powell
- Edition: ALL
- Section: Business
- Page: 31
- Readability: >12 grade level (Lexile: 1430)

A major union and a national consumer activist group yesterday sued the nation's four largest managers of prescription drug benefits, claiming that they conspired with drug makers to drive up costs.

The American Federation of State County and Municipal Employees and the Boston-based Prescription Access Litigation project, or PAL, accused the benefit managers of steering customers to higher-cost drugs and failing to pass on savings as warranted.

The suit alleges that the benefit managers reap incentives from drug companies to encourage customers to use more expensive drugs. It also says they have negotiated rebates that they don't pass on to consumers.

The suit says because of their actions, the benefit managers have "willfully contributed to escalating drug costs and have failed in their fiduciary duty to those client health plans."

It also says the benefits managers generally pay retail pharmacies less than what they charge health plans. But it's impossible to know because they don't divulge how much they pay pharmacies.

Benefit managers are hired by insurers and others to squeeze discounts out of drug makers and pharmacies. The case was brought in Los Angeles, but the benefit managers work with insurers who serve more than 200 million Americans nationwide.

"The organizations that were created to make prescription drugs more affordable are cutting inside deals with drug companies and driving up costs," said Gerald W. McEntee, AFSCME president. "It's corporate greed like this that is chipping away at the paychecks of hard-working men and women."

PAL, the union's partner in the suit, has sued several drug makers alleging they have driven up drug costs illegally. The two are suing Advance PCS, Express Scripts, MedCo Health Solutions and Caremark Rx Inc., which together control more than 80 percent of the market.

Express Scripts officials denied the thrust of the claims.

"Our interests are fully aligned with those of our clients who get the lion's share of the discounts," said spokesman Steve Littlejohn. "That's one of the ways we make prescription drugs more affordable."

The company on Monday issued a pledge to its clients affirming its commitment to serving their interests, he said.

Officials from the other companies couldn't be reached yesterday.

- Record: 1308F421D4379D08
- Copyright: Copyright 2003, 2010 Boston Herald