



## In Case You Missed It

Health insurers are ditching **Pharmacy Benefit Managers** to save on drug costs for their members, with Blue Shield of California expecting to save \$500M annually. This decision, along with the passage of **SB 873 (Bradford)**, will mark a wave of change - without PBMs in the middle, health insurers AND patients save money.

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### CVS stock plunges after Blue Shield of California drops retailer's pharmacy services to save on drug costs

CNBC | By Annika Kim Constantino | August 17, 2023

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PBMs maintain lists of drugs covered by health insurance plans and negotiate drug discounts with manufacturers. But they have recently come under scrutiny from lawmakers for their role in inflating drug prices and causing health-care costs to skyrocket.

CVS Health's Caremark has been Blue Shield's PBM partner for more than 15 years.

Blue Shield will now work with five different companies to provide "convenient, transparent access to medications while lowering costs."

Blue Shield CEO Paul Markovich said the plan, which is scheduled to fully launch in 2025, could save the company up to \$500 million annually.

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### Blue Shield of California taps Amazon, Mark Cuban's Cost Plus Drugs for its pharmacy network

CNBC | By Bertha Coombs | August 17, 2023

Blue Shield of California is teaming up with Mark Cuban's Cost Plus Drug Company and Amazon Pharmacy – turning away from traditional drug store chains and ditching in part health giant CVS – in a move to save on drug costs for its 4.8 million members.

The CEO of the nonprofit health insurer, which spent over \$3 billion on member prescriptions in 2022, calls the move a major milestone in its efforts to move toward a value-based model for pharmacy care.

"I expect we're going to – when this ramps up completely – we're going to be saving \$500 million a year," said Paul Markovich, CEO of Blue Shield of California. "So, this is a very significant reduction in cost that we ultimately, as a nonprofit that caps our income, will be putting back into our premiums."

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"I think all payers realize that now that Cost Plus has made the price of medications transparent, providers and patients can see what prices should be, and the entire industry will have to adjust," Cuban said.



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