

AARP & PHARMACY BENEFIT MANAGER (PBM) REFORM

AARP's Advocacy—Or Lack of It—on PBM Pricing Reforms for Medicare

- In terms of directly benefiting **older Americans**, PBM pricing reforms for Medicare are perhaps the most impactful healthcare policy Congress is debating this year, but where is the AARP?
- Unlike last year's debate over Democrat's misnamed "Inflation Reduction Act" (IRA), that AARP spent over **\$60 million dollars**, and **held** more than **90 pro-IRA** and related events and petition drives almost all exclusively benefiting **Democrats**, to help pass, AARP has been largely AWOL on PBM reform
- Despite serving as rare bipartisan reforms that could directly **lower drug prices** for older Americans in Medicare, AARP has been largely AWOL on PBM reform

Why Is That? Perhaps a Look at AARP's Corporate Financial Relationships Might Help.

- AARP is now paid over a **billion dollars** a year in corporate royalties – **three times more** than what it earns in member dues – most of it from UnitedHealth, **America's largest health insurance-PBM company**
- According to **Juniper Research Group**, AARP has been paid over **\$8 billion** in fees and royalties from a systemic **financial deal** AARP has with UnitedHealth-related to AARP-branded Medicare and related policies
- UnitedHealth is a massive conglomerate **encircling** federal and state health entitlement programs, inclusive of its **massive PBM**, OptumRx, as well as specialty pharmacy operations, home health and caregiving enterprises, and even an FDIC-insured bank
- UnitedHealth's Optum division – a cash cow providing over 50% of the company's **\$324 billion** in revenues (2022) includes OptumRx – one of the "Big Three" PBMs that control over 80% of the PBM market
- At the same time, both AARP and UnitedHealth **simultaneously lobby** Congress, state legislators, and respective federal and state agencies on many of the same issues and programs, including Medicare
- All of which has called into question why AARP was so aggressive in **supporting the IRA**, which was beneficial to big insurer-PBMs, but **largely quiet on PBM reforms**, which could have a material impact on revenues
- According to **AARP's own research**, health insurance premiums, deductibles, and copays far and away (74%) present the biggest **healthcare cost challenges**, but AARP **rarely** focuses on lowering these as a public priority

Polling of Older Americans & Identifying AARP Members Reveals Major Disconnect with AARP's Activities

- **Above 93%** believe AARP should be equally vocal as it is with other policy issues with government officials and the media on the need to address insurer- and **PBM-generated costs impacting older Americans**
- **Over 95%** believe AARP should be required to publicly disclose its financial relationships with companies in its advertising, lobbying of legislators and communications with its members relating to pending legislation
- **Close to 90%** are concerned about AARP earning billions in royalties over several years from UnitedHealth while lobbying on similar issues and programs like Medicare
- **Over 80%** believe the amount of money paid in corporate royalties from health insurers like UnitedHealth could create conflicts of interest impacting AARP's ability to represent older Americans reliant on Medicare
- **Almost 80%** are concerned about AARP's status as a non-partisan entity in view of its events and petition drives on the IRA and drug pricing debates almost exclusively focused on Democrats
- **Some 74%** of 55+ seniors and **63%** of identifying AARP members consider the nearly 5% royalty AARP receives from AARP-UnitedHealthcare policies a "junk fee" similar to what many in Congress want to ban

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