

PBM ACCOUNTABILITY PROJECT

April 27, 2023

Dear Member of Congress:

On behalf of the undersigned organizations, we urge Congress to take decisive action to hold pharmacy benefit managers (PBMs) and their affiliated companies accountable, which will ultimately lower the cost of medications for citizens across the United States.

Our organizations are committed to the fundamental principle that should guide Congress' efforts to assure affordability of Americans' health care this year:

No American should pay more than is the minimum cost necessary for the prescription drugs they need, and all Americans have a right to access affordable health care at the pharmacy that they have come to trust.

This fundamental principle cannot be achieved unless Congress is willing to take measurable action to address PBMs' exploitation of their opaque and purposely complex role within the supply chain. Their business model has inflated the prices of medicines, done little to benefit patients, and has resulted in unprecedented profits obtained from federal, state and local governments, employer and union health plan sponsors, and patients across the country.

Americans expect bold and effective action from Congress to protect American taxpayers, employers, community pharmacies and patients from further exploitation by PBMs. We call on Congress to reform PBM schemes that serve only to drive up enormous PBM profits to these Fortune 15 companies while raising costs for patients. We also urge that Congress implement transparent PBM contracting practices throughout the prescription drug supply chain to enable plan sponsors and government programs to monitor PBM operations, provide necessary information for fair and effective contracting, and ensure that PBMs are operating in the best interest of their clients.

Today, three PBMs – CVS Caremark, Express Scripts and OptumRx – control more than 80% of the prescription drug marketplace. These PBMs have each merged with the largest health insurance corporations and acquired further vertical integration through ownership, management and affiliation of a significant portion of US specialty and retail pharmacies. These vertically integrated mega-corporations wield immense market power to eliminate any competition from a shrinking number of trusted independent pharmacies and regional pharmacy chains in communities across the nation.

PBMs' longstanding business practices, that rely on their existing lack of transparency and absence of accountability, affect 250 million Americans. Rather than acting in the best interest of their clients, PBMs maximize their revenues by, for example, preferring higher cost medications that yield them

larger profit margins, rather than seeking to lower drug costs. Too frequently, PBMs give less preferential treatment to lower-priced generics and biosimilars on drug formularies or leave them off the formularies altogether – systematically driving prescription drug costs higher and increasingly out of reach for working Americans.

Despite a general absence of transparency in PBM business practices, the following facts are well-documented:

- A [recent analysis](#) found that the top three health insurance companies get **60% (or \$492.3 billion)** of their revenues from vertically integrated PBMs.
- PBMs are moving away from rebates as a sole driver of revenue and are instead imposing hidden “junk fees.” In fact, one study [determined](#) that **40% of PBM gross profits** between 2017 and 2019 were tied to questionable sources.
- In 2021, the list price for a generic medication for multiple sclerosis was \$350. But PBMs [charged more than \\$6,000](#) to taxpayers. Similarly, a common cancer drug could be purchased for less than \$89. And the price charged to one state Medicaid program? Nearly \$4,900.
- A recent [national poll](#) conducted by Lake Research Partners and Bellwether Research found that **84% of likely voters** say it is important to have rules that require PBMs to provide greater value and lower drug costs for consumers, a sentiment shared by Republicans, Democrats and independents. Further, approximately **three of every four respondents** said this should be a high priority for Congress and state legislatures.

We need actionable reforms that hold PBMs accountable. Critically, such reforms *must* recognize the PBMs’ history of circumventing any attempt of enacting reasonable reforms. American employers, working households and patients need transformative federal legislation that will strengthen drug affordability, improve pharmacy access and end harmful PBM practices. We urge you to enact legislation this year that includes the following provisions:

- ***Break the link between price of medicines and PBM revenues:*** PBMs can earn money only from a single, flat administrative fee for services they provide, but PBMs may not earn any revenues from manipulating prescription drug prices or imposing charges that are greater than PBMs’ own net cost of acquisition.
- ***Assure that no patient pays any more than the minimum cost necessary for the prescription medicines they need:*** PBMs must pass all prescription drug price discounts and related revenues, including but not limited to any rebates, reimbursements, and assessed administrative and non-administrative fees, through to health plan sponsors *and patients*; the patient/plan participant cost share in any health plan must be based on the discounted acquisition cost of the prescription drug – that is, the net cost – and not on the list price or any other higher price point.
- ***Require reasonable and actionable PBM data transparency:*** Public and private sector health plan sponsors must be able to access and review PBM pricing data, including the price a PBM charges and any rebates, discounts, administrative fees, etc. the PBM receives, to validate that PBMs are not earning any revenues from manipulating prescription drug prices or imposing charges greater than PBMs’ own net cost of acquisition.

- ***Protect patient access to the pharmacy of their choice:*** Prevent PBMs from driving patients to their self-owned pharmacy operations and ensure pharmacy reimbursements cover both net acquisition cost and the cost of dispensing prescription medications.

Patients, plan sponsors and employers require these measures in order to restore affordability of prescription medicines for all Americans. The solutions outlined above are reasonable, achievable and can be enacted into law this year. Critically, they allow all those in the supply chain, including PBMs, to continue operating – but in the best interest of the patient. If Congress is serious about responding to the needs of the American people this year, rather than to the PBM lobby, the time for action is now.

Let’s work together to hold PBMs accountable for delivering the value for prescription medicines that American employers, working families and patients deserve.

Sincerely,

PBM Accountability Project

ADAP Advocacy Association	Healthy Men Inc.
American Economic Liberties Project	Infusion Access Foundation
American Pharmacy Cooperative, Inc.	International Foundation for Autoimmune & Autoinflammatory Arthritis
American Senior Alliance	Immune Deficiency Foundation
America's Agenda: Health Care for All	International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers
Autoimmune Association	Job Creators Network Foundation
Black, Gifted & Whole Inc.	Lupus and Allied Diseases Association, Inc.
California Chronic Care Coalition	MANA, A National Latina Organization
Center for Black Equity	McGohan Brabender
Chronic Care Policy Alliance	Multiple Sclerosis Foundation
Crohn’s & Colitis Foundation	National Alliance of State Pharmacy Associations
Coalition of State Rheumatology Organizations	National Association of Nutrition and Aging Services Programs
Community Access National Network	National Community Pharmacists Association
Diabetes Patient Advocacy Coalition	National Consumers League
Diabetes Leadership Council	
Domestic Policy Caucus	
Elevate Provider Network	

National Infusion Center Association

Neuropathy Action Foundation

Nevada Chronic Care Collaborative

Partnership to Fight Chronic Disease

Pharmacists United for Truth and Transparency

Patient Pocket Protector Coalition

PlusInc

Teamsters Local Union 769

Teamsters Local Union 572

Touro University California

Trade Alliance to Promote Prosperity

United Association of Plumbers and Pipefitters