



May 8, 2023

Dear Senator:

I am writing on behalf of the Trade Alliance to Promote Prosperity and as an advocate for Pharmacy Benefit Manager (PBM) reform to encourage you to hold PBMs accountable.

PBMs were conceived to provide a mechanism to help manage prescription drug costs and overall benefits. Yet PBMs are turning potential prescription drug savings into the highest rates of profit in the entire prescription drug supply chain. Three major PBMs compose 75% of the market. They have become so profitable that they are among the Fortune 25 companies – ranked higher than the very drug manufacturers whose prices they promised to control.

The PBMs' primary role should be straightforward: Manage prescription drug benefits and provide the lowest possible cost to consumers, businesses, unions, and other payers. However, a new report from the PBM Accountability Project, "Understanding the Evolving Business Models and Revenue of Pharmacy Benefit Managers." shows how PBMs are finding new and hidden ways to directly profit from the role that they play rather than pass along savings to patients.

A number of market factors enable PBMs to increase their gross profit at the expense of other prescription drug stakeholders:

- Misalignment of incentives,
- Excess pricing complexity,
- Lack of transparency and oversight.

It should come as no surprise that out-of-pocket drug costs are rising while PBM profits are increasing. The public agrees with our position at the Trade Alliance to Promote Prosperity: A recent national poll demonstrates that a majority of likely voters overwhelmingly support policies to regulate these middlemen health insurance companies and require PBMs to provide more value and lower drug costs. Seventy-three percent of survey respondents said that the regulation of PBMs should be a high or top priority for Congress.

We believe that PBMs can have a role to play in the prescription drug marketplace; however, we believe Congress should support strong accountability and reforms for the PBM industry. Some reforms you should enact to help lower drug costs:

- Improve the existing incentives to lower drug costs by delinking PBM revenue streams from the price of medicines.
- Limit spread pricing within Medicaid.
- Enact meaningful transparency reforms, including disclosure requirements, to benefit patients and employers.
- Enact anti-steering laws to protect patients' ability to choose their desired pharmacy.
- In addition, PBMs should share savings that result from negotiations with manufacturers of prescription drugs with patients at the pharmacy counter.

Thank you,

Kent Kaiser, Ph.D.
Executive Director
Trade Alliance to Promote Prosperity