



April 30, 2024

Dear Member of Congress and Staff:

As you prepare to hear testimony from UnitedHealth CEO Andrew Witty, I am writing on behalf of the Trade Alliance to Promote Prosperity to encourage you to hold PBMs accountable and to seek specific PBM reforms, especially in light of the recent [cybersecurity attack on Change Healthcare](#).

PBM reforms are needed to combat 1) oligopolistic pricing and 2) oligopolistic vulnerabilities.

Pricing

Three major PBMs compose [75% of the market](#). Originally, 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. 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. Healthcare executives might argue that consolidation has spawned efficiencies in their industry, but this has not translated into lower costs or improved care for hardworking Americans. This is unacceptable.

Vulnerabilities

The Change Healthcare cybersecurity breach underscores the dangers of vertical integration among healthcare insurance providers such as PBMs. This breach of privacy, originating in a hostile foreign country, was exacerbated by ObamaCare-driven consolidation of the healthcare industry. An inherent lack of checks and balances led to the theft of private patient information and has left America more vulnerable to foreign bad actors. This, too, is unacceptable.

Reforms Needed

A marketplace populated by independent entities would have a built-in system of checks and balances through which competition would help drive lower prices and greater value for consumers. It would also reduce America's vulnerability to massive data breaches like the Change Healthcare incident.

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.

That's why we are calling on you to support:

- More robust competition in health insurance and prescription drug markets.
- Full transparency in pricing for medical care, health insurance, and prescription medicines.
- Replacement of PBM formulary designs driven by profit-maximization motives for designs that promote affordable patient access to prescription medicines elected by patients and their doctors.

Thank you,

Kent Kaiser, Ph.D.
Executive Director
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