

The Pharmacy Benefit Manager (PBM) Accountability Study Act (H.R. 1829)

One of the least understood components of prescription drug spending and pricing in the U.S. is the role played by Pharmacy Benefit Managers (PBMs). PBMs have a tremendous impact on our health care choices due to the fact that they administer drug plan coverage for more than 260 million Americans.

Medicare, Medicaid and commercial health plans all use PBMs to manage drug benefits. PBMs wield enormous power as middlemen on a number of fronts: they choose what drugs are covered by insurance; negotiate purchasing deals with drug makers; determine co-pays for consumers; decide which pharmacies will be included in prescription plans; and decide how much pharmacies are reimbursed for the drugs they sell. With all of these influential roles PBMs play, it has never been clear or transparent how they impact drug prices and spending, or how their practices impact consumer access to small and independent pharmacies.

To help policymakers understand these important issues, ***The Pharmacy Benefit Manager (PBM) Accountability Study Act (H.R. 1829)*** would require the Government Accountability Office (GAO) to study and report back to Congress meaningful data such as:

- the role that PBMs play in the pharmaceutical supply chain;
- the state of competition in the industry;
- their use of rebates and how much goes to patients and payors vs. how much is kept by PBMs;
- whether PBMs structure their formularies in favor of high-rebate prescription drugs over lower-cost, lower-rebate alternatives; and
- the extent to which the price that PBMs charge for a drug to government programs and private health insurance plans is more than they pay pharmacies for the drug.

Importantly, H.R. 1829 would also require the GAO to make recommendations to Congress for legislative action in the critical areas of:

- ✓ lowering the cost of prescription drugs for consumers and payors;
- ✓ improving the efficiency of the pharmaceutical supply chain by lowering intermediary costs;
- ✓ improving competition in pharmacy benefit management; and
- ✓ providing transparency in pharmacy benefit management.

We must ensure that administering the prescription benefits Americans need to get and stay healthy is done in ways that are as transparent, economical and efficient as possible. To accomplish this, ***the PBM Accountability Study Act (H.R. 1829)*** will unveil vital information and be a giant step in the right direction toward lowering the costs of prescription drugs for Americans and ensuring pharmacists can best meet the needs of patients.

To become a co-sponsor of this legislation, please have a member of your staff reach out to Peter Stein in Congresswoman Diana Harshbarger's office at: Peter.Stein@mail.house.gov.