



(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To prohibit pharmacy benefit managers and pharmacies from being under common ownership, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. HARSHBARGER introduced the following bill; which was referred to the Committee on _____

A BILL

To prohibit pharmacy benefit managers and pharmacies from being under common ownership, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patients Before Mo-
5 nopolies Act” or the “PBM Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Pharmacy benefit managers are corporate
9 entities that play a dominant role in pharmaceutical

1 supply chains, determining which drugs health plans
2 will cover for enrollees, what prices patients and
3 health plans will pay for those drugs, and how much
4 health plans will reimburse pharmacies for dis-
5 pensing them.

6 (2) The market for pharmacy benefit manager
7 services has become highly concentrated. As of 2025,
8 the 6 largest pharmacy benefit managers are each
9 integrated into large health care conglomerates that
10 include downstream businesses such as retail, mail
11 order, and specialty pharmacies. These conglom-
12 erates also processed more than 90 percent of the
13 prescriptions in the United States in 2023.

14 (3) The 3 largest pharmacy benefit managers
15 are also vertically integrated into health care plat-
16 forms that include both upstream business lines, like
17 health insurance, and downstream suppliers, like
18 pharmacies and providers.

19 (4) The Federal Trade Commission has found
20 that vertically-integrated pharmacy benefit managers
21 have both the ability and incentive to steer business
22 to their own affiliated pharmacies, which reduces
23 competition and increases prescription drug costs for
24 patients.

1 (5) Pharmacy benefit managers increasingly le-
2 verage their market power to pressure smaller, unaf-
3 filiated, independent pharmacies to enter into unfa-
4 vorable contracts with the largest pharmacy benefit
5 managers. This dynamic has likely contributed to
6 the closure of more than 7,000 pharmacies between
7 2019 and 2024.

8 (6) Self-preferencing of affiliated pharmacies
9 may also allow large, vertically-integrated health
10 conglomerates to evade statutory limits on profits
11 known as the Medical Loss Ratio. Gaming of the
12 profit constraint using transfer pricing techniques
13 may allow affiliated health insurance businesses to
14 hide profits in the unregulated pharmacy business
15 segment, costing enrollees and taxpayers money.

16 (7) Pursuant to its powers under article I, sec-
17 tion 8, of the United States Constitution, Congress
18 has the ability to create any law necessary and ap-
19 propriate to regulate interstate commerce. As phar-
20 macy benefit managers are part of large, national
21 health conglomerates that operate across state lines,
22 and engage in intrastate activities that also substan-
23 tially relate to interstate commerce, Congress in-
24 tends to regulate pharmacy benefit managers in the
25 public interest.

1 (8) In order to eliminate the conflicts of inter-
2 est described in paragraphs (1) through (7) and re-
3 store competition to the marketplace, the Federal
4 Government should—

5 (A) protect patients, independent phar-
6 macies, and taxpayers by structurally sepa-
7 rating vertically-integrated health conglom-
8 erates;

9 (B) require parent companies that own a
10 pharmacy benefit manager or insurer to divest
11 their pharmacy businesses;

12 (C) enable Federal agencies, state attor-
13 neys general, and private citizens to bring civil
14 actions to enforce the structural separation of
15 these companies; and

16 (D) grant the Federal Trade Commission
17 and Department of Justice additional authority
18 to review and block future transactions that
19 would re-create these conflicts of interest.

20 **SEC. 3. PROHIBITIONS RELATING TO ANTICOMPETITIVE**
21 **PHARMACY OWNERSHIP AND CONTRACTS.**

22 (a) PROHIBITION ON PHARMACY OWNERSHIP BY EN-
23 TITIES PROVIDING INSURANCE OR PHARMACY BENEFIT
24 MANAGEMENT SERVICES.—

1 (1) IN GENERAL.—It shall be unlawful for any
2 person to both—

3 (A) directly or indirectly own, operate, con-
4 trol, or direct the operation of the whole or any
5 part of a pharmacy; and

6 (B) directly or indirectly own, operate, or
7 control the whole or any part of—

8 (i) an insurance company; or

9 (ii) a pharmacy benefit manager.

10 (2) DIVESTMENT.—Not later than 1 year after
11 the date of enactment of this Act, any person in vio-
12 lation of paragraph (1) shall divest the pharmacy of
13 such person.

14 (b) ANTITRUST ENFORCEMENT.—

15 (1) IN GENERAL.—Both the Federal Trade
16 Commission and the Assistant Attorney General in
17 charge of the Antitrust Division shall have jurisdic-
18 tion, jointly or separately, to enforce this section.

19 (2) PENALTIES FOR FAILURE TO DIVEST.—

20 (A) GUIDANCE.—Not later than 30 days
21 after the date of enactment of this Act, the
22 Chair of the Federal Trade Commission and the
23 Assistant Attorney General in charge of the
24 Antitrust Division shall issue guidance speci-

1 fying milestones for divestment within the dead-
2 line under subsection (a)(2).

3 (B) PENALTIES.—

4 (i) IN GENERAL.—For any person
5 that does not comply with the milestones
6 specified under subparagraph (A), the
7 Chair of the Federal Trade Commission or
8 the Assistant Attorney General in charge
9 of the Antitrust Division shall cause 10
10 percent of the profits of the person to be
11 transferred into escrow on a monthly basis,
12 to be—

13 (I) returned to the person if di-
14 vestment occurs by the deadline under
15 subsection (a)(2); or

16 (II) deposited into the fund de-
17 scribed in subsection (e)(7) if divest-
18 ment does not occur by the deadline
19 under subsection (a)(2).

20 (C) TRUSTEE.—If divestiture does not
21 occur by the deadline under subsection (a)(2),
22 a divestiture trustee shall oversee the divesti-
23 ture required under that paragraph. The dives-
24 titure trustee shall have the authority to sell the
25 pharmacy.

1 (c) CIVIL ACTIONS.—

2 (1) IN GENERAL.—When the Inspector General
3 of the Department of Health and Human Services,
4 the Assistant Attorney General in charge of the
5 Antitrust Division of the Department of Justice, the
6 Federal Trade Commission, or an attorney general
7 of a State has reason to believe that a person is in
8 violation of subsection (a), such Inspector General,
9 Assistant Attorney General, Federal Trade Commis-
10 sion or attorney general of a State may bring a civil
11 action in an appropriate district court of the United
12 States.

13 (2) PRIVATE RIGHT OF ACTION.—

14 (A) IN GENERAL.—An individual alleging
15 damages as a result of a violation of this Act
16 may bring a civil action in any court of com-
17 petent jurisdiction, State or Federal.

18 (B) RELIEF.—In a civil action brought
19 under subparagraph (A) in which the plaintiff
20 prevails, the court may award—

21 (i) treble damages;

22 (ii) reasonable attorney's fees and liti-
23 gation costs; and

1 (iii) any other relief, including equi-
2 table or declaratory relief, that the court
3 determines appropriate.

4 (3) ACTIONS BY STATE ATTORNEYS GEN-
5 ERAL.—If the attorney general of a State has reason
6 to believe that an interest of the residents of the
7 State has been or is being threatened or adversely
8 affected by a practice that violates subsection (a),
9 the attorney general of the State may, as *parens*
10 *patriae*, bring a civil action on behalf of the resi-
11 dents of the State in an appropriate district court of
12 the United States to obtain appropriate relief, in-
13 cluding monetary damages.

14 (4) INJUNCTIVE AND EQUITABLE RELIEF.—In
15 any action described in paragraph (1), (2), or (3),
16 the applicable court, on a finding that a person is
17 in violation of subsection (a), shall issue an order re-
18 quiring such person—

19 (A) to cease and desist from such violation,
20 and, if applicable, divest the pharmacy services
21 of such person; and

22 (B) to disgorge any revenue received from
23 the pharmacy from the sale of prescription
24 drugs during the period of such violation.

1 (5) OTHER RELIEF.—In addition to any relief
2 obtained under paragraph (1), (2), or (3), the court
3 may grant any other equitable relief necessary to re-
4 dress and prevent recurrence of the violation.

5 (6) RIGHT TO JURY TRIAL.—Either party, upon
6 request, shall have the right to a jury trial.

7 (7) DEPOSIT.—Any revenue received from the
8 sale of prescription drugs disgorged pursuant to an
9 action under paragraph (1) shall be deposited in a
10 fund created by the Federal Trade Commission and
11 distributed by the Federal Trade Commission to be
12 put to use in the interest of serving the health care
13 needs of the harmed community, including con-
14 sumers overcharged at vertically integrated phar-
15 macies.

16 (d) FTC AND DOJ REVIEW.—

17 (1) REPORTING REQUIRED.—Any divestment of
18 a pharmacy or pharmacy benefit manager required
19 under subsection (a) shall be reported to the Federal
20 Trade Commission and the Assistant Attorney Gen-
21 eral in charge of the Antitrust Division of the De-
22 partment of Justice under section 7A of the Clayton
23 Act (15 U.S.C. 18a) without respect to the thresh-
24 olds under subsection (a)(2) of that section.

1 (2) TOLLING OF DIVESTMENT PERIOD DURING
2 REVIEW.—The divestment period under subsection
3 (a) shall be tolled during the pendency of any wait-
4 ing period required under section 7A of the Clayton
5 Act (15 U.S.C. 18a).

6 (3) REVIEW OF EFFECT OF DIVESTITURE.—
7 With respect to each divestiture undertaken pursu-
8 ant to subsection (a), in addition to any applicable
9 review under section 7A of the Clayton Act (15
10 U.S.C. 18a), the Federal Trade Commission and the
11 Assistant Attorney General in charge of the Anti-
12 trust Division of the Department of Justice shall re-
13 view the effect on competition, financial viability,
14 and the public interest—

15 (A) of the divestiture; and

16 (B) of the subsequent acquisition of the di-
17 vested pharmacy by the acquiring person.

18 (4) BLOCKING OF ACTIONS.—The Federal
19 Trade Commission and the Assistant Attorney Gen-
20 eral in charge of the Antitrust Division of the De-
21 partment of Justice, jointly or separately, may bring
22 a civil action in any court of competent jurisdiction
23 to block any action that would harm competition to
24 the detriment of the public interest with respect to
25 the conflicts of interest described in subsection (a).

1 (e) RULEMAKING AUTHORITY.—The Federal Trade
2 Commission shall promulgate rules to carry out this sec-
3 tion. Such rules shall not diminish any obligation under
4 this section.

5 (f) REPORTS REQUIRED.—The Chair of the Federal
6 Trade Commission and the Assistant Attorney General in
7 charge of the Antitrust Division of the Department of Jus-
8 tice shall submit to the appropriate congressional commit-
9 tees quarterly reports on compliance with this Act, includ-
10 ing the status of any divestitures required under this Act.

11 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion shall be construed to limit the authority of the Fed-
13 eral Trade Commission, the Inspector General of the De-
14 partment of Justice, the Department of Health and
15 Human Services, or the attorney general of a State under
16 any other provision of law.

17 (h) SEVERABILITY.—If any provision of this Act or
18 the application thereof to any person or circumstance is
19 held invalid, the remainder of this Act, or the application
20 of that provision to persons or circumstances other than
21 those as to which it is held invalid, shall not be affected
22 thereby.

23 (i) DEFINITIONS.—In this section:

24 (1) HEALTH PLAN.—The term “health plan”
25 means any public or private health insurance plan.

1 (2) PERSON.—The term “person” has the
2 meaning given the term in section 8 of the Sherman
3 Act (15 U.S.C. 7).

4 (3) PHARMACY.—

5 (A) IN GENERAL.—The term “pharmacy”
6 means any person, business, or entity licensed,
7 registered, or otherwise permitted by a State or
8 a territory of the United States to dispense, de-
9 liver, or distribute a controlled substance, pre-
10 scription drug, or other medication—

11 (i) to the general public; or

12 (ii) to a bed patient for immediate ad-
13 ministration.

14 (B) INCLUSIONS.—The term “pharmacy”
15 includes—

16 (i) a mail-order pharmacy;

17 (ii) a specialty pharmacy;

18 (iii) a retail pharmacy;

19 (iv) a nursing home pharmacy;

20 (v) a long-term care pharmacy;

21 (vi) a hospital pharmacy;

22 (vii) an infusion or other outpatient
23 treatment pharmacy;

24 (viii) any organization the National
25 Provider Identifier (NPI) registration of

1 which has 1 or more taxonomy codes under
2 the pharmacy section of the National Uni-
3 form Claim Committee (or a subsequent
4 organization); and

5 (ix) any other type of pharmacy.

6 (4) PHARMACY BENEFIT MANAGER.—The term
7 “pharmacy benefit manager” means any person,
8 business, or other entity, such as a third-party ad-
9 ministrator, regardless of whether such person, busi-
10 ness, or entity identifies itself as a pharmacy benefit
11 manager, that, either directly or indirectly through
12 an intermediary (including an affiliate, subsidiary,
13 or agent) or an arrangement with a third party—

14 (A) acts as a negotiator of prices, rebates,
15 fees, or discounts for prescription drugs on be-
16 half of a health plan or health plan sponsor;

17 (B) contracts with pharmacies to create
18 pharmacy networks and designs and manages
19 such networks; or

20 (C) manages or administers the prescrip-
21 tion drug benefits provided by a health plan, in-
22 cluding the processing and payment of claims
23 for prescription drugs, arranging alternative ac-
24 cess to or funding for prescription drugs, the
25 performance of utilization management services,

1 including drug utilization review, the processing
2 of drug prior authorization requests, the adju-
3 dication of appeals or grievances related to the
4 prescription drug benefit, contracting with net-
5 work pharmacies, controlling the cost of covered
6 prescription drugs, or the provision of related
7 services.