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EDUCATION AND THE WORKFORCE

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July 19, 2023

JC Scott
President and CEO
Pharmaceutical Care Management Association
325 Seventh St. NW
Washington, DC 20004

Dear Mr. Scott:

Thank you again for testifying at the June 21 Subcommittee on Health, Employment, Labor, and Pensions hearing on "Competition and Transparency: The Pathway Forward for a Stronger Health Care Market."

Enclosed are additional questions submitted by a Subcommittee member following the hearing. Please provide written responses no later than August 9, 2023, for inclusion in the hearing record. Responses should be sent to Michael Davis of the Committee staff who can be contacted at Michael.Davis@mail.house.gov or (202) 225-7101.

We appreciate your contribution to the work of the Subcommittee.

Sincerely,

A handwritten signature in blue ink that reads "Bob Good".

Bob Good
Chairman
Subcommittee on Health, Employment, Labor, and Pensions

Enclosure

**Questions for the Record for
JC SCOTT**

**Committee on Education and the Workforce
Subcommittee on Health, Employment, Labor, and Pensions
“Competition and Transparency: The Pathway Forward for a Stronger
Health Care Market”
Wednesday, June 21, 2023
10:15 a.m.**

Rep. Mark DeSaulnier (D-CA)

1. During the hearing you stated that you believe your companies are in compliance with the requirements of Section 408(b)(2) of ERISA. As you are aware, this requirement provides that covered service providers disclose their direct and indirect compensation to plan fiduciaries. This includes the “development or implementation of . . . pharmacy benefit management services.”
 - a. Please confirm that your member companies provide these disclosures to their clients.
 - b. Please describe in detail what compensation is being provided through these disclosures:
 - i. Do pharmacy benefit managers disclose whether they are acting as a fiduciary with respect to the plan? In what situations, if any, do pharmacy benefit managers agree that they are acting as a fiduciary?
 - ii. How is information presented? Is compensation expressed in a dollar amount or only as a formula? If expressed as a dollar amount, is sufficient detail provided to ensure that the plan fiduciary understands costs with respect to their plan? Is compensation described with specificity or only aggregate amounts?
 - iii. What steps are taken to ensure information is understandable to plan fiduciaries?
2. Under Section 408(b)(2) of ERISA, “indirect compensation” is defined as “compensation received from any source other than the covered plan, the plan sponsor, the covered service provider, or an affiliate.” Do you believe that this definition includes remuneration that pharmacy benefit managers receive in the form of rebates from drug manufacturers? If not, please explain why rebates are not “compensation received from any source other than the covered plan, the plan sponsor, the covered service provider, or an affiliate.”