NATIONAL ASSOCIATION OF Manufacturers

April 22, 2026

The Honorable Rick Allen
Chair
Subcommittee on Health, Employment, Labor, and Pensions
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable Mark DeSaulnier
Ranking Member
Subcommittee on Health, Employment, Labor, and Pensions
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

Re: "Profits Over Patients: The PBM Business Model Under Scrutiny"

Dear Chair Allen and Ranking Member DeSaulnier,

On behalf of the National Association of Manufacturers (NAM) and the 13 million people who make things in America, thank you for holding today's House Education and Workforce Subcommittee on Health, Employment, Labor, and Pensions hearing titled "Profits Over Patients: The PBM Business Model Under Scrutiny."

The NAM is the largest manufacturing association in the United States, representing manufacturers of every size, in every industrial sector, and in all 50 states. Small and medium-sized manufacturers make up the majority of manufacturing businesses in the United States and employ approximately 40% of the 13 million manufacturing workers. Manufacturing contributes $2.94 trillion annually to the U.S. economy and accounts for nearly 53% of all private-sector research in the nation.

Manufacturers have a deep commitment to providing health benefits to their workers. These benefits are an effective tool to attract and retain employees and to maintain a healthy and productive workforce. Manufacturers know that keeping employees and their families healthy is the right thing to do for the workers who keep America and its economy strong.

However, rising health care costs remain a top challenge for the industry. Seventy percent of manufacturers cited health care and insurance costs as their primary business concern in the NAM's most recent Manufacturers' Outlook Survey.[1] Increased costs are disproportionately impacting small and midsize manufacturers, with 75% of small (fewer than 50 employees) and 78% of medium (50 to 499 employees) companies identifying health care costs as their top concern. In a separate survey conducted at the end of 2025, 94% of manufacturers responded that they expected, or had already seen, an increase in health insurance premiums for 2026. Of those, 11% saw premiums rising by more than 20%, an unsustainable increase that neither manufacturers nor manufacturing workers and their families can afford.[2] Despite this challenge, 95% of manufacturing employees are eligible for health insurance benefits, 80% of whom participate in a workplace plan, which underscores the urgent need for action to reduce health care costs for manufacturers and manufacturing workers alike.[3]

[1] National Association of Manufacturers, Q1 2026 Manufacturers' Outlook Survey (March 12, 2026). Available at https://nam.org/wp-content/uploads/securepdfs/2026/03/NAM_Q1_2026_Outlook_Write_Up.pdf.

[2] National Association of Manufacturers, Q4 2025 Manufacturers' Outlook Survey (December 17, 2025). Available at https://nam.org/wp-content/uploads/securepdfs/2025/12/NAM_Q4_2025_Outlook_Write_Up.pdf.

[3] Kaiser Family Foundation, *2025 Employer Health Benefits Survey* (October 22, 2025). Available at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2025-Annual-Survey.pdf.

Manufacturers applaud the Subcommittee for holding this hearing to investigate PBMs' unscrupulous business models. As you know, PBMs are underregulated middlemen that design, negotiate, and administer prescription drug benefits on behalf of health insurance companies and employers that self-fund health insurance plans for their employees. Instead of helping manufacturers' health plans manage costs, there is growing evidence that PBM business practices actually increase them. PBMs contribute to the skyrocketing cost of health care by pocketing manufacturer rebates, tying patient cost-sharing to list prices, using spread pricing structures, and obfuscating their questionable business models. As the hearing title suggests, PBMs do, in fact, put profits over patients, which drives up costs for manufacturers and their workers.

Reforming PBMs to prevent this negative impact on employers that offer health care benefits to their employees is a crucial piece of lowering health care costs for manufacturers. PBM revenue is increasingly unmoored from the value they provide to plan sponsors; instead, they reflect PBM practices that are designed to maximize their profits. For example, fees tied to a medicine's list price—rather than the fair-market value of the service provided—create incentives to favor higher cost medicines as a way to maximize revenue generation. Additionally, PBMs frequently hide such fees and other sources of compensation, making it difficult for plan sponsors to understand the value and reasonableness of the services provided.

With the NAM's strong support, Congress passed PBM reform as part of the Consolidated Appropriations Act of 2026 (CAA).[4] The law included the following provisions:

- Requiring the delinking of PBM compensation from drug list prices, enhanced reporting requirements, and transparency measures in Medicare Part D;
- Banning spread pricing in Medicaid;
- Increasing transparency by requiring PBMs to share with commercial plan sponsors detailed information for prescription drug claims, including PBM compensation, formulary placement, patient steering, patient out-of-pocket cost, and the amount of rebates and fees received by the PBM; and
- Requiring PBMs to pass through 100% of rebates, fees, alternative discounts, and other remuneration to health plans in the commercial market.

Earlier this year, the Department of Labor (DOL) released a draft rule that, if finalized, will require PBMs and their subsidiaries to disclose much-needed information to self-insured health plans, which would enable manufacturers with such health plans to understand and monitor PBM compensation structures and business operations.[5] In turn, this will empower manufacturers to make more informed decisions about their PBM contracts. Currently, health plans have insufficient information about the PBMs with which they contract to provide pharmacy benefits and are unable to determine the reasonableness of PBMs' compensation and activity. The disclosures required by the rule will compel PBMs to share critical information with plan sponsors, shining light on opaque PBM practices and providing transparency to plan sponsors. This transparency and volume of information will allow plan sponsors to make informed decisions about their PBM and pharmacy benefits contracts, as opposed to the way current decisions are made—without access to the critical data needed to inform them. The NAM submitted a comment letter in response to the proposed rule, which included recommendations to further strengthen the rule and institute even greater PBM transparency for plan sponsors to further enable the DOL to monitor PBM activities, which will benefit manufacturers, manufacturing workers, and their families.[6]

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[4] National Association of Manufacturers' January, 1 2026 letter to Congressional leadership in support of the CAA. Available at https://documents.nam.org/TAX/2026.01.21%20NAM%20Letter%20re%20Labor%20HHS%20Bill.pdf

[5] EBSA Docket No. EBSA-2026-0001: Improving Transparency Into Pharmacy Benefit Manager Fee Disclosure (RIN 1210-AB37)

[6] National Association of Manufacturers' April, 15 2026 comment letter to DOL regarding EBSA Docket No. EBSA-2026-0001. Available at https://documents.nam.org/TAX/2026.04.15%20NAM%20Comment%20Letter%20re%20DOL%20PBM%20Transparency%20Rule.pdf

The reforms included in the CAA and the proposed DOL rule are critical steps toward reining in PBMs' outsized influence on health care costs, but more must be done. PBMs are adept at changing their business practices to avoid oversight of their concerning models. The NAM expects that PBMs will continue to attempt to evade the scope of the CAA and the DOL rule. Thus, Congress and the Administration will need to continuously monitor PBM activities and business models to determine if laws or regulations need to be updated or if additional laws and regulations are needed. As the PBM provisions in the CAA are implemented and once the DOL rule is finalized, manufacturers recommend that this Subcommittee continue its work to scrutinize PBMs' business models to ensure they are not evading rules and increasing health care costs for their own gains.

Manufacturers' top PBM reform priorities have been transparency, delinking, and full rebate pass through. The CAA included measures to increase transparency and institute full rebate pass through in the commercial market, and the DOL rule, once finalized, will establish additional transparency requirements, also in the commercial market. These reforms in the commercial market are incredibly important to manufacturers as that is where they offer health insurance to their employees.

Manufacturers therefore urge the Subcommittee to work to advance legislation that would delink PBMs' compensation from drug list prices in the commercial market. Delinking PBMs' compensation from drug list prices would end PBMs' perverse incentives to increase costs at the expense of employers and to steer patients to medications which provide PBMs' higher rebates. Instead, PBMs would receive flat bona fide service fees for the services they provide, which would save patients money, particularly those with higher deductibles and coinsurance, who are financially disadvantaged when paying a percentage of a medication's list price.

Manufacturers and their workers are increasingly concerned with the rising cost of health care, a large share of which is driven by PBMs' business practices, and appreciate this timely hearing to probe their activities. We hope you consider the NAM a resource as you continue working to address this issue and deliberate additional solutions to address the cost of health care. We look forward to partnering with the Subcommittee to ensure manufacturers can continue to offer health insurance to their workers, and their families, who work hard every day to power the American economy.

Sincerely,

Jess Wysocky
Director, Health Care Policy

Jake Kuhns
Vice President, Domestic Policy