

**“The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part I:
Self-Interest or Health Care?”**

Committee on Oversight and Accountability

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Statement for the Record

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Holistically addressing the practices that result in higher drug costs and limit patients’ access to necessary medications has been a top priority of Democrats for years. Oversight Committee Democrats have been at the forefront of advocating for reforms.

Under the leadership of then-Chairman Elijah Cummings, we investigated prescription drug prices. This investigation resulted in comprehensive drug reform legislation, the Elijah E. Cummings Lower Drug Costs Now Act (H.R. 3), which passed the House during the 116th Congress.

Democrats then worked with the Biden Administration to enact these provisions through the passage of the Inflation Reduction Act and lowered drug prices, increased drug price transparency, and expanded access to necessary medications. This law also empowered Medicare with the authority to negotiate prices for certain drugs, required drug manufacturers to pay rebates for price increases above inflation, capped out-of-pocket spending for Medicare enrollees, and limited cost sharing for insulin. It is the most significant action Congress has taken in history to address the pressing issues of prescription drug prices. The nonpartisan Congressional Budget Office expects that net prices for selected drugs will decrease by roughly 50 percent on average as a result of negotiation. Republicans should continue to follow Democrats lead by focusing on issues that most directly affect constituents rather than participating in political theater.

Just last week, a constituent contacted my office because Pharmacy Benefit Manager (PBM), Express Scripts, told his wife, she would only be able to receive her prescription through a specialty pharmacy called Accredo. What’s more, my constituent had to spend between 30 to 40 hours on the phone trying to find someone to tell him the price of his wife’s medication, only to be told later, that initial price was incorrect. Patients should have a right to know the accurate price of their medication before purchase. This recent case highlights the importance of holding this hearing to discuss the complicated and unique role that PBMs play in the health care ecosystem and how Congress can address some of PBMs concerning practices to better ensure affordable and accessible health care for all Americans.

One PBM practice deserving of scrutiny is the complex system of rebate negotiations. While these negotiations were initially intended to drive down costs, they have often resulted in higher drug prices for patients by incentivizing pharmaceutical companies to maintain high list prices. The convoluted nature of these negotiations has led to a lack of transparency, making it difficult to determine the true cost of prescription drugs and exacerbated the burden on patients.

Another practice is prior authorization requirements. A prior authorization requirement mandates that a provider such as a physician or hospital must obtain approval from a health insurance plan before prescribing a specific medication or medical procedure. This requirement can create unnecessary barriers for patients delaying their access to essential medications and potentially compromise their health.

Furthermore, it is essential to acknowledge the disproportionate impact of certain PBM practices on independent and community pharmacies, particularly those serving rural and underserved communities. Spread pricing, for example, is a practice where PBMs charge health plans one price for a medication while reimbursing pharmacies at a lower rate. This practice can create significant financial strain on independent pharmacies, who often operate on narrow profit margins.

These unpredictable fees that PBMs impose on pharmacies also further inflame the financial challenges faced by these vital community institutions. Limiting access to health care services in rural and underserved areas intensifies existing health care disparities and shutteres vital pharmacies that act as lifelines to communities. The Rural Policy Research Institute (RUPRI) Center for Rural Health Policy Analysis at the University of Iowa published a report that found 630 rural communities saw their only pharmacy close from 2003 to 2018, and 302 rural communities lost all but one of their local pharmacies during that time.

We must take steps to protect and support independent and community pharmacies so that they can continue to serve their communities and provide quality care. Congress must reevaluate current practices and implement reforms that prioritize affordable and timely access to prescription drugs for all Americans.

This hearing provides a crucial opportunity to examine the practices of PBMs and their impact on prescription drug prices and patient access to medication. Congress must address practices such as rebate negotiations and prior authorization requirements that can drive up costs and limit access and recognize the disproportionate impact of PBM practices on independent and community pharmacies and the rural and underserved communities they serve. But PBMs are just one player in our intricate health care system.

We cannot lose sight of the role pharmaceutical companies, insurers, hospitals, and others that influence health care quality play and must remain committed to addressing price gouging, protecting those with pre-existing conditions, and supporting publicly funded medical research. I look forward to working with my colleagues to advance reforms that lower drug prices, enhance transparency, and ensure affordable and accessible healthcare for all Americans.