



Feb 6, 2024

Hon. James Comer

Chairman, House Oversight Committee

2157 Rayburn House Office Building
Washington, DC 20515

Hon. Jamie Raskin

Ranking Member, House Oversight Committee

2242 Rayburn House Office Building
Washington, DC, 20515-2008

Dear Chairman Comer and Ranking Member Raskin:

We appreciated meeting with members of your committee staff and your continued support of the Delinking Revenue from Unfair Gouging Act (DRUG Act) (H.R. 6283) and its upcoming markup.

Transparency-Rx represents over 15 million covered lives in the U.S., and is an innovative not-for-profit led by transparent pharmacy benefit managers (PBMs) that provides sound policy to galvanize true affordability for job-creators, seniors, patients, and consumers. We work with local companies, leaders, and employers, with operations and partnership in all 50 states.. (transparency-rx.com).

In a delinked or transparent approach, fees are disclosed, reliable, and knowable, and attempts to cure the drug affordability crisis in America, reducing employers' health care costs on average by 15-20%.

Linking list prices to rebates is one of the most egregious modern-day practices big PBMs employ, as it helps drive up list prices to extract higher rebates for formulary placement. Without delinking, patients come second to PBM profits. This is why taking aim at this practice through the consideration of delinking legislation, such as the DRUG act, is critical to meaningful PBM reform.

The proliferation of junk fees, linked to patient medicines, by large PBMs is significant. The Nephron Institute recently determined, in a "quantitative survey of pharma manufacturer that over the period 2018-2022, traditional PBM fees expanded while novel fee sources proliferated. We extrapolate that total PBM compensation tied to fees doubled from \$3.8 billion in 2018 to \$7.6 billion in 2022. This growth was fueled by increases in traditional administrative fees as well as the emergence of new data and PBM contracting entity fees (referred to as 'vendor fees' in this analysis). These new fees have grown from near zero in 2018 to greater than \$1.7 billion in 2022. "

In addition, CBO recently estimated, \$200 million in savings for delinking as part of its proposed MEPA action, and \$500 million in savings for transparency, roughly \$1.7B overall. For S1339, CBO confirmed commercial delinking savings of \$650 million, on top of the savings CBO published for their overall package.

In sum, support for delinking in HR 6238 drives savings, and reflects a better approach to prescription management and pricing.

Transparency-Rx continues support the Oversight Committee's work, to consider legislative proposals which increase transparency, oversight, and enforcement of PBM practices.

Sincerely,

Joseph M. Shields, Esq.

Managing Director, Transparency-Rx