

Charles Crain

Vice President,  
Domestic Policy

February 6, 2024

The Honorable James Comer  
Chair  
Committee on Oversight and Accountability  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Jamie Raskin  
Ranking Member  
Committee on Oversight and Accountability  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Comer and Ranking Member Raskin:

On behalf of the National Association of Manufacturers and the 13 million people who make things in America, thank you for your efforts to enact reforms to the pharmacy benefit manager system. In particular, the NAM appreciates the Committee's consideration of the bipartisan Delinking Revenue from Unfair Gouging (DRUG) Act (H.R. 6283).

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturers pay workers more than 18% above the average for all businesses, and 93% of manufacturing employees were eligible for health insurance benefits in 2023.<sup>1</sup>

A recent NAM study found that manufacturers provide health care benefits so they can effectively attract and retain employees, to maintain a healthy and productive workforce and because they believe it is the right thing to do for their workers.<sup>2</sup> Manufacturers have a deep commitment to providing health benefits to their workers, even as rising health care costs remain a top challenge for the industry.<sup>3</sup>

PBMs contribute to the skyrocketing cost of health care by increasing the price that health plan participants pay for medicines. By applying upward pressure to list prices that dictate what patients pay at the pharmacy counter, pocketing manufacturer rebates and failing to provide an appropriate level of transparency about their business models, PBMs increase health care costs at the expense of manufacturers and manufacturing workers. The NAM is grateful for the work Congress has done to reduce health care costs for manufacturers, and we encourage Congress to continue to work to achieve cost savings for America's workers and the prescription drug plans managed by employers.

The NAM appreciates the Committee's consideration of the DRUG Act, and manufacturers strongly support this legislation. Specifically, the NAM has long favored delinking PBM compensation from the list price of medications, including in the commercial market. The DRUG

---

<sup>1</sup> Kaiser Family Foundation, *2023 Employer Health Benefits Survey* (Oct. 18, 2023). Available at <https://www.kff.org/report-section/ehbs-2023-section-3-employee-coverage-eligibility-and-participation/>.

<sup>2</sup> National Association of Manufacturers, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care* (July 2023). Available at <https://documents.nam.org/IIHRP/2023%20Health%20Care%20Report-singles.pdf>.

<sup>3</sup> National Association of Manufacturers, *Q3 2023 Manufacturers' Outlook Survey* (Sept. 13, 2023). Available at <https://nam.org/2023-third-quarter-manufacturers-outlook-survey/>.

Act would require PBMs to charge a flat fee for their services, ending the current practice of charging a percentage of the drug's list price and removing PBMs' incentive to put upward pressure on list prices in order to maximize their own profits. The DRUG Act also would ban spread pricing and prevent PBMs from giving favorable treatment to their affiliated pharmacies. These changes will benefit employers by making PBM contracts more straightforward, transparent and predictable—and will benefit workers by reducing the prices they pay out of pocket for their prescriptions.

The NAM respectfully encourages the Committee to support the DRUG Act and to consider further reforms to the PBM system so that employers and their employees can negotiate, compete and achieve savings. Manufacturers and manufacturing workers alike will benefit from significant changes to the current PBM market, which is rife with misaligned incentives, suffers from a lack of transparency and is 80% controlled by just three corporations.

Manufacturers commend the Committee's work on H.R. 6283, and we look forward to continuing to partner with Congress to build on these efforts to reform PBMs.

Sincerely,

A handwritten signature in black ink that reads "Charles F. Crain". The signature is written in a cursive, flowing style.

Charles Crain  
Vice President, Domestic Policy