

July 23, 2024

The Honorable James Comer  
Chair, House Committee on  
Oversight and Accountability  
2106 Rayburn House Office Building  
Washington, DC 20515

The Honorable Jamie Raskin  
Ranking Member, House Committee on  
Oversight and Accountability  
2106 Rayburn House Office Building  
Washington, DC 20515

Dear Chair Comer and Ranking Member :

On behalf of the Diabetes Leadership Council (DLC) and Diabetes Patient Advocacy Coalition (DPAC) and the millions of Americans who live with complex and chronic health conditions such as diabetes, we appreciate the Committee's sincere interest in making healthcare more affordable and accessible to American families across the country. As we approach the end of the 118<sup>th</sup> Congress, we urge you to act now to enact legislation that will reform the Pharmacy Benefit Manager (PBM) system and ensure that the savings are passed on to patients.

As you know, PBMs negotiate rebates with drug manufacturers, which are intended to lower patients' out-of-pocket costs at the pharmacy counter. Unfortunately, PBMs rarely pass on those savings – in fact, if the rebates are passed through at all, they are shared with health plans rather than the patients they were intended to help. Under the current system, PBMs enjoy concentrated negotiating power, allowing them to compel those with whom they contract to agree to terms that are often unfavorable to patients. The result can be limited access to medicines and higher cost-sharing responsibilities for patients.

Although compensation models have shifted in recent years, PBMs typically generate revenue based on the list price of medicines they are responsible for purchasing. Currently, PBMs profit by both charging administrative fees and retaining a portion of the rebates they negotiate with drug manufacturers. Considering that rebates and administrative fees are typically calculated as a percentage of the drug's list price, PBMs can earn more if the list price of the drug is higher – creating misaligned incentives within the healthcare supply chain to the detriment of patients. Further, a patient's cost-sharing responsibility can be tied to the list price of a medicine, not the lower price negotiated by the PBM – meaning that while PBMs enjoy the benefits of savings and rebates they negotiate with drug manufacturers, patients are left with costly bills tied to a cost higher than what their own health plan paid for a medication.

To address these problems and ensure that patients have access to the treatments they need, Congress must pass PBM reform legislation that:

- Ensures savings or discounts negotiated by PBMs are passed on to all patients, not just those with certain conditions or those who rely on specific medications to manage their

condition. Disease state should not determine whether a patient receives a rebate, discount, or other type of savings.

- Delinks PBMs' ability to profit from the list price of medicines, rectifying the misaligned incentives that have led to increased costs across the board, but particularly contribute to direct out-of-pocket costs and additional administrative barriers for patients.
- Enables broader access to lower-cost biosimilars or generic medications, which have great potential for helping reduce out-of-pocket costs for patients, especially those managing complex chronic conditions.

We urge you to act now to improve patients' ability to access the treatments they need. Thank you for your prompt consideration. If you have any questions, please contact Erin Callahan, COO of the Diabetes Patient Advocacy Coalition (DPAC), at [ecallahan@diabetespac.org](mailto:ecallahan@diabetespac.org).

Sincerely,

Stewart Perry, Chair, DLC

Hunter Limbaugh, Chair, DPAC