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Vice President,
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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 continued efforts to provide oversight of the pharmacy benefit manager system and to advance significant reforms to this underregulated industry.

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. More than 93% of manufacturing employees were eligible for health insurance benefits in 2023.¹ 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.² 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.³

As the Oversight Committee has established throughout its hearing series on PBMs, these underregulated middlemen design, negotiate and administer prescription drug benefits on behalf of health insurance companies and employers that self-fund health insurance plans for their employees. PBMs contribute to the skyrocketing cost of health care by applying upward pressure to list prices that dictate what patients pay for medicines at the pharmacy counter, pocketing manufacturer rebates and failing to provide an appropriate level of transparency about their business models.

According to a recent *New York Times* investigation, PBMs also “steer patients toward pricier drugs, charge steep markups on what would otherwise be inexpensive medicines and extract billions of dollars in hidden fees.”⁴ Additionally, PBMs have created new subsidiaries known as group purchasing organizations, which negotiate rebates with drug manufacturers on behalf of the PBM while demanding and pocketing much larger fees for their services than the PBMs can

¹ 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/>.

² 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>.

³ National Association of Manufacturers, *Q2 2024 Manufacturers' Outlook Survey* (June 26, 2024). Available at <https://nam.org/2024-second-quarter-manufacturers-outlook-survey/>.

⁴ Robbins, R., & Abelson, R. *The opaque industry secretly inflating prices for prescription drugs*. (June 21, 2024). The New York Times. Available at <https://www.nytimes.com/2024/06/21/business/prescription-drug-costs-pbm.html>.

on their own⁵, ultimately further inflating the costs of medicines. In short, PBMs' business models have the direct effect of increasing health care costs at the expense of manufacturers and manufacturing workers.

Manufacturers commend the Oversight Committee for investigating the role PBMs play in increasing health care costs. The evidence is clear that their business practices have led directly to increased health care costs. Manufacturers support the DRUG Act (H.R. 6283), which was approved by this Committee in February, and we look forward to working with the Committee on further reforms that enhance PBM transparency and accountability in the commercial market. Commercial market PBM reform should include:

- **Increased transparency** into PBMs' business models and the many factors that contribute to a drug's cost, formulary placement and the PBMs' compensation;
- **Rebate passthrough**, which will ensure 100% of negotiated pharmaceutical savings are passed from the PBM to the health plan sponsor and workers; and
- **Delinking** of PBM compensation from the list price of medication.

These reforms will make it easier for manufacturers to get the data they need to make the best choices about how to manage their drug benefits on behalf of workers. They also will help break the cycle of PBMs driving health care costs higher so they can keep more rebate dollars for themselves. By removing perverse incentives built into the current PBM business models, and better empowering plan sponsors to be a check on PBMs, these reforms will help lower drug prices for manufacturing families across the country.

Manufacturers applaud the Oversight Committee for holding today's hearing to draw attention to PBMs' problematic business practices and their damaging impact on the U.S. health care system. The NAM looks forward to continuing to partner with Congress to build on these efforts to reform PBMs on behalf of manufacturers and manufacturing workers.

Sincerely,



Charles Crain
Vice President, Domestic Policy

⁵ *Ibid*