

July 22, 2024

Representative James Comer
Chair, Committee on Oversight and
Accountability
2410 Rayburn House Office Building
Washington, DC 20515

Representative Jamie Raskin
Ranking Member, Committee on Oversight
and Accountability
2242 Rayburn House Office Building
Washington, DC 20515

CC: Members of the Committee on Oversight and Accountability

Dear Chairman Comer and Ranking Member Raskin:

Thank you for your continued leadership in making the American people aware of the significant and detrimental role pharmacy benefit managers (PBMs) play in escalating out-of-pocket costs and undermining accessibility to prescription drugs for millions of Americans. Our prescription drug pricing system is broken and hearings like the one the Committee will hold on July 23 on PBM transparency and accountability are critical to strengthening the consensus that will lead to necessary and meaningful reform. Patients and consumers are currently powerless when it comes to out-of-pocket costs for medicines, and employers, governments and health plans are at a significant competitive disadvantage in their negotiations with PBMs and in understanding how to manage their benefits in a fiscally responsible manner. Recent and high-profile media coverage in the [Wall Street Journal](#) and [New York Times](#) along with a shocking analysis by the [Federal Trade Commission](#) (FTC) reinforce these points.

The PBM Accountability Project brings together leaders and stakeholders across healthcare, labor, business, pharmacy and consumer patient advocacy. Recently, [more than 40 such organizations joined with the PBM Accountability Project](#) to call on Congress to **support solutions that will deliver a genuinely competitive and transparent prescription drug marketplace**. We strive for a marketplace where patients, employers and health plans in the commercial and public sectors pay no more than absolutely necessary for prescription medications. As a steadily increasing number of reports conclude, the fact is that within the current system most are paying drastically more than they should.

One of the entities that utilizes PBM services – employers – is not experiencing the transparency nor value that these drug pricing middlemen promise. A [survey](#) of employers found:

- Only three in 10 employers understood the details of their contracts with PBMs
- 63% said the PBMs they worked with were not transparent on how they generated revenues



- Nearly 60% of employers said PBM contracts are overly complicated, ambiguously worded and often benefit the PBM at the expense of the employer

This is not by accident. PBMs have prospered from **excessive complexity and impenetrable opaqueness**. PBMs have profited handsomely from the practice known as “spread pricing” – charging employer, health plan and government clients significantly more for the acquisition of prescription drugs than they reimburse pharmacies for dispensing them. PBMs can do this because no entity in the supply chain other than the PBM has full line of sight and understanding of how the dollars are flowing or what kind of rebates and discounts PBMs are negotiating with pharmaceutical manufacturers.

In fact, over time, we have seen significantly fewer checks and balances hold PBMs accountable. Through **vertical integration**, a small number of mega-corporations have brought PBM services, health insurance, pharmacy distribution, group purchasing and even physicians under the same corporate umbrella. Such PBM-insurer-pharmacy-GPO conglomerates have virtually eliminated meaningful competition within the prescription drug marketplace – a single corporation controls a patient’s health insurance coverage, employs the doctors who prescribe medications, determines the price of those medicines, sets the formularies that determine which drugs are available, and directs consumers to the pharmacies that the corporation owns. A recent [FTC report](#) into generic cancer drugs found that pharmacies affiliated with the Big 3 PBMs are often paid 20 to 40 times the National Average Drug Acquisition Cost (NADAC). This is significantly more than any non-PBM affiliated pharmacies charge for those two specialty generic drugs.

Fortunately, there are solutions to these problems. We strongly encourage Congress to take meaningful, bipartisan action on PBM reform that breaks the link between PBM profits and the cost of medicines before adjourning at the end of the year.

We applaud you for casting this necessary spotlight on PBM anti-patient practices. We stand ready to assist your efforts which are essential in preventing PBMs from gouging patients, employers and American taxpayers and from standing between patients and their physicians.

Sincerely,



Mark Blum
Managing Director, PBM Accountability Project

