

**“The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part III:  
Transparency and Accountability”**

**Committee on Oversight and Accountability**

**10:00 AM, Tuesday, July 23, 2024**

**Statement for the Record**

**Rep. Gerald E. Connolly (D-VA)**

Democrats have long been committed to lowering prescription drug prices and ensuring that patients can access affordable medications. In fact, some of Congress’ most important work to address the accessibility and affordability of prescription drugs began with Democrats in this Committee. Thanks to the leadership of the late Congressman and then-Chairman Elijah Cummings, Committee Democrats conducted oversight into pharmaceutical manufacturers’ sky-high drug prices and predatory practices. These investigations led to the creation of the critical and comprehensive drug reform legislation, known as the Elijah E. Cummings Lower Drug Costs Now Act (H.R.3), which passed the House during the 116th Congress, and later became the framework for the historic drug pricing reforms signed into law by President Biden as part of the Inflation Reduction Act (IRA).

The IRA empowered Medicare with the authority to negotiate prices for certain drugs, required drug manufacturers to pay rebates for price increases above inflation, capped out-of-pocket spending for Medicare enrollees, and limited cost sharing for insulin. It is the most significant action Congress has taken in history to address prescription drug price gouging. The nonpartisan Congressional Budget Office expects that net prices for selected drugs will decrease by roughly 50 percent on average because of negotiation.

The Biden-Harris administration has been hard at work implementing these reforms and has announced the first ten drugs selected for negotiation under Medicare Part D. In 2022, about 9 million Medicare enrollees were prescribed these ten drugs, paid \$3.4 billion in out-of-pocket costs for these drugs. Negotiations will begin this year and the negotiated maximum fair prices will go into effect within the next three years.

Medicare negotiation and the other reforms included in the IRA were passed without a single Republican vote and Committee Democrats found no Republican allies when we were investigating pharmaceutical manufacturers. Despite their confounding opposition to investigating drug prices then, Democrats on this Committee have worked with the Chairman and our Republican colleagues to examine the drug supply chain and Pharmacy Benefit Managers (PBMs). The Committee recently reported the Delinking Revenue from Unfair Gouging (DRUG) Act (H.R. 6283) out of committee in a bipartisan fashion. This bill reigns in a number of PBM practices that may lead to higher prices for patients.

It is essential to recognize the central role PBMs play in the complex and multifaceted pharmaceutical supply chain. PBMs are intermediaries that negotiate drug prices on behalf of health insurers and employers, ostensibly to lower costs. However, their practices and lack of transparency have come under increasing scrutiny. PBMs have evolved to wield substantial influence, impacting the entire healthcare ecosystem, from drug manufacturers to pharmacies to patients. The time has come for a comprehensive examination of their operations and practices.

Recently, the Federal Trade Commission (FTC) released an interim report of their ongoing study into PBM practices and their impact on access to and affordability of medicines.

The report highlights how increasing vertical integration and concentration has allowed the six largest PBMs to manage nearly 95 percent of all prescriptions filled in the United States. This concentration of power in the market raises serious concerns about competition, transparency, and accountability. The report also emphasizes PBMs' influence over drug availability and pricing, impacting patients' ability to access and afford medications.

I look forward to the final FTC report as well as this Committee's dialogue with stakeholders across the health care spectrum, from patients, drug manufacturers, insurers, and pharmacists. Congressional Democrats and the Biden-Harris administration will continue to focus on implementing our generational reforms in the IRA that will lower prescription drug prices, improve transparency, and ensure that patients have access to affordable medications.