

Opening Statement for the Honorable Earl L. “Buddy” Carter

As Prepared for Delivery

“An Examination of How Reining in PBMs Will Drive Competition and Lower Costs for Patients”

February 26, 2024

I want to welcome everyone to today’s hearing on how reigning in Pharmacy Benefit Managers, or PBMs, will drive competition and lower costs for patients.

Before I dive into the policy, I want to take a moment to address the true reason why we’re having this hearing today – patients.

Patients like Matthew, a sixteen-year-old Georgia resident, who suffers from a rare genetic disorder.

CVS Caremark denied Matthew’s access to a lifesaving drug that he had been on for two years. As a result, Matthew was forced back into the hospital.

Let me be clear: PBMs' greed sent a 16-year-old back to the hospital, in critical condition. While tragic, this story is far from unique.

So, how did we get here?

PBMs are the pharmaceutical supply chain's hidden middlemen that are driving up costs for prescription medications, delaying access to necessary treatments, adding hoops for patients to jump through, and robbing hope from patients. They have only created perverse incentives throughout the drug supply chain.

Their extensive market control has only grown due to consolidation and vertical integration leading to less competition and decreased patient choice.

After nearly two decades of consolidation, the PBM industry is now dominated by three companies that control over 80% of the market. They own or are owned by insurers and have vertically and horizontally consolidated their businesses to own doctors, pharmacies, group purchasing organizations, and more.

We have heard directly from our constituents that the harmful and anticompetitive tactics of some PBMs have only gotten worse, and that Congressional action is desperately needed.

We've heard a constant stream of reports that some PBMs are reimbursing independent pharmacies less than the pharmacies they own.

For example, a Mississippi audit revealed that Optum pays its own stores up to 22 times what it pays independent pharmacies for the same drug.

How are you supposed to stay in business when your competitor makes 2,200% more than you for the same exact service?

The answer is you don't. In 2023, there were over 300 independent pharmacy net closures – almost one per day. Unfortunately, that trend continued in 2024. Pharmacists are some of the most accessible and highly trusted health care professionals. Yet, PBMs are putting pharmacies out of business and removing patients' access to care. We now have “pharmacy deserts” in rural and underserved communities.

That's affecting the accessibility, affordability, and quality of health care for all Americans.

Recently, the Federal Trade Commission released its second interim report which found that "PBMs charge significant markups for cancer, HIV, and other critical specialty generic drugs" by thousands of percent, and many others by hundreds of percent.

Another egregious example of PBMs' abuse of taxpayer-funded programs is the United States Postal Service Health Plan. In an audit released in March 2024, the Inspector General of the U.S. Office of Personnel Management found that Express Scripts overcharged the Health Plan and the federal government nearly \$45 million.

Thankfully, President Trump is committed to holding PBMs accountable. I commend him and look forward to working with this administration to drive solutions that lower costs for patients at the pharmacy counter.

The House Energy and Commerce Committee has made common sense PBM reform policies a bipartisan priority.

Last Congress, this Committee advanced bipartisan legislation that saves significant taxpayer dollars in state Medicaid managed care programs and – for the first time in Medicare Part D – enforces reasonable and relevant contract terms that support pharmacies’ ability to serve patients in addition to delinking PBM compensation from list price. Further, this Committee championed reporting requirements which would increase transparency by shining a light on the opaque drug pricing system that is driving up drug spending for patients and employers, in addition to harming pharmacists.

Americans deserve and expect protection from inflated prescription drug costs, forced pharmacy closures, and barriers to health care access. I look forward to working with my colleagues on both sides of the aisle to enact these meaningful PBM reforms for patients, like Matthew, who are suffering at the expense of PBM's abusive tactics.