

Ways & Means Member Day Testimony: H.R. 2880, the Protecting Patients Against PBM Abuses Act, Disaster Reforestation Act, HITS Act, and H.R. 25, the Fair Tax Act of 2023

- Mr. Chairman, thank you for allowing me to testify today at this Member Day hearing so that I can discuss before this Committee some pieces of legislation that I am leading and I believe are important.
- Mr. Chairman, I'd like to discuss my bipartisan bill, the Protecting Patients Against PBM Abuses Act, that will protect patients and pharmacies from harmful PBM practices that are making health care inaccessible and unaffordable for millions of Americans.
- First, before I begin, I'd like to put into context how powerful PBMs have become.
- 3 PBMs control 80% of all prescriptions processed in the U.S. They own or are owned by insurers, and have vertically consolidated their businesses to own everything and everyone between themselves and the patients including doctors, pharmacies, group purchasing organizations, and more.
- Yet PBMs do nothing more than process claims, "paper pushers" I like to say. They bring no value to the health care system whatsoever.
- It is time for Congress to do its duty and stop these PBMs from gaming the system and return the dollars they profit back to patients.
- That is why I urge this Committee to support the Protecting Patients Against PBM Abuses Act.
- PBMs currently get compensated by charging fees calculated as a percentage of the cost of medicine.
- This incentivizes PBMs to push the price of medicines higher by blackmailing for formulary access, or they choose higher priced medicines to put on their formulary.

- When PBMs have incentives to favor medicines with higher list prices, it can lead to higher costs for patients who face cost sharing in deductibles and coinsurance that is typically based on list price.
- The Wall Street Journal recently reported that across a selection of so-called specialty generic drugs, Cigna and CVS's prices were at least 24 times higher on average than roughly what the medicines' manufacturers charge.
- The prices at UnitedHealth Group, which also owns a large health insurer, were 3.5 times as much.
- It can also mean patients have fewer and higher cost choices when PBMs disfavor generic or lower-price brand competitors.
- For example, the three largest PBMs continue to block more than 1,150 treatments from their formularies, including a low-cost insulin alternative.
- Delaying action any longer results in increased costs for patients.
- You know, my patients never asked me to dispense them a medication with the highest price medicine. Why do the PBMs think that's what's best for patients?
- By delinking administrative fees paid to PBMs from the price of medicines, this proposal will help to correct these misaligned incentives and bring relief to patients at the pharmacy counter.
- The Congressional Budget Office estimates that delinking in Part D would save more than \$200 million in federal spending.
- Representative Lisa Blunt Rochester and I are proposing this bipartisan bill that will help patient afford their medicine and protect them from harmful PBM practices.
- Another critical part of this bill is that it prohibits PBMs from reimbursing non-affiliated pharmacies at a rate less than they reimburse their own pharmacies.

- A recent MedPAC report indicated that vertically integrated PBMs in Medicare Part D may be benefiting from higher reimbursements to their own pharmacies while increasing costs to the Part D program.
- This has created a perverse incentive for PBMs to drive up costs for patients and limit patient access to pharmacies of their choice.
- My bill, the Protecting Patients Against PBM Abuses Act, ends PBMs' misaligned incentives that are driving up prices and costs for patients.
- Especially now, with inflation near forty-year highs, Congress must use all tools at its disposal to help vulnerable patients stretch the value of their dollar.
- Now let me be clear, opponents to this legislation are choosing to prioritize insurer and PBM profits over savings for patients.
- Patients deserve the best drugs at the lowest costs and pharmacies deserve the right to do business without the hassle of middlemen looking to make a cheap buck.
- I greatly appreciate the work of this committee and so many of my colleagues to start to rein in these PBM tactics and put patients first.
- But, we must continue to do more.
- I understand that this Committee has not advanced the Protecting Patients Against PBM Abuses Act, but I would like to work with this Committee to ensure that it is ready for consideration at a future markup.
- Another piece of legislation that I'd like to the Committee to consider is H.R. 655, the Disaster Reforestation Act.
- As those on the Committee may be aware, Georgia is our nation's number one forestry state with more commercially available timberland and harvested timber than any other state.
- This industry is important to providing thousands of everyday products that are essential to are lives, as well as providing clean air, water, and habitats.

- Unfortunately, our nation's family forest landowners face threats on multiple fronts.
- As we've seen recently, natural disasters and fires constantly pose dangers to the significant investments they make into maintaining forestland.
- Compounding the issue is fact that our tax code makes it extremely difficult or impossible for private forest landowners to recover after such devastating events.
- The Disaster Reforestation Act would amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster.
- Further, this bill requires those landowners to reforest their land within 5 years, ensuring the forestland is not converted to other uses and preserving the environmental and economic benefits.
- Again, forest landowners provide clean air, fresh drinking water, and quality jobs for our nation.
- To ensure they can continue their positive impact, we must pass the Disaster Reforestation Act.
- Quickly, I'd also like to express support for the "Help Independent Tracks Succeed Act" or the "HITS Act."
- The HITS Act would allow independent artists and songwriters to fully expense the costs of making new music on their taxes.
- This is similar to how qualified film and television production expenses are allowed to be expensed, which we have seen thrive in states like mine.
- I have supported this bill for a couple Congresses now and believe it is important to allowing independent artists to begin creating after the pandemic that hit them so acutely.

- Lastly, I'd be remiss if I did not take time to speak on the FairTax and urge that it receive fair consideration.
- The FairTax is incredibly popular.
- After all, how many tax plans have been New York Times Bestsellers?
- This is because the American people are completely dissatisfied with the current tax code.
- Our current tax code is built on government control.
- It's a convoluted, absurd system that punishes hard work.
- As a result, some 85% of Americans are frustrated by the complexity of our tax code and only two-in-ten Americans say they trust the government in Washington to do what is right with their hard-earned money.
- The current tax code is not working for Americans, and they are hungry for something that serves them.
- H.R. 25, the FairTax, would eliminate the federal income, payroll, and estate and gift taxes, replacing them with a revenue-neutral national 23% consumption tax.
- It would eliminate the need for the IRS. It would eliminate Tax Day.
- It would allow you to take home 100% of your paycheck, so that you control where your hard-earned dollars go.
- Skeptics point out that a 23% consumption tax sounds like a lot, and it is.
- But what many consumers fail to realize is that today's sticker prices are already inflated to cover corporation's tax burdens.
- Every tax imposed on businesses – whether it is corporate, FICA, or other taxes – is passed down to the consumer.

- You're already paying taxes every time you purchase a good or service. Under the FairTax, you're not paying for anyone else's.
- Unsurprisingly, Washington Democrats have wasted no time fearmongering about the FairTax.
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- They claim this will disproportionately impact the lowest income earners. That claim is false.
- The FairTax includes an advance tax refund to every legal American family at the beginning of every month to purchase goods and services tax free up to the national poverty level.
- This means a family of four can spend \$30,000 a year without paying a penny in taxes. That's an effective tax rate of 0%.
- No one else is seriously advocating to repeal the most regressive we have, and largest tax American families pay – the payroll tax – and in the process making the United States the most competitive place to do business on the globe.
- That checks every box and principle we have, regardless of what side of aisle you are on.
- Does overturning an entrenched tax code with thousands of special interests invested in keeping their carve-outs pose significant challenges? Yes.
- Is this a big, radical idea? Absolutely.
- However, I did not come to Congress to satisfy special interests or maintain the status quo. I was sent to Congress to fight for taxpayers, small businessowners, mothers, fathers, students, truck drivers, and everyone that keeps our great country running.
- Thank you, Mr. Chairman, and yield back the remainder of my time.