

# **HIV+HEP**

## POLICY INSTITUTE

### PRESS RELEASE

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## **HIV+Hep Policy Institute Applauds Insurance Commissioners' Efforts to Regulate PBMs**

### ***Increased Regulation & Transparency Necessary to Protect Patients & Reduce Drug Costs***

Washington DC...The **HIV+Hepatitis Policy Institute** has submitted [comments](#) in support of the National Association of Insurance Commissioners' (NAIC) draft model legislation that seeks to regulate and license pharmacy benefits managers (PBMs).

“We are pleased that the NAIC has turned its attention to the important role PBMs play in determining patient access to and affordability of prescription medications,” said **Carl Schmid, executive director** of the **HIV+Hepatitis Policy Institute**. “While state insurance commissioners have long regulated insurers, everyone knows that formulary decisions, prior authorizations, and tiering are determined by PBMs and highly influenced by the amount of rebates PBMs receive from drug manufacturers. Many states have already taken steps to license and regulate PBMs; it is now appropriate for the NAIC to develop a model law for states to follow.”

In its comments **HIV+Hep** asks that the [model draft law](#) that the NAIC PBM Subgroup proposed, which encompasses issues such as licensing and prohibiting gag clauses, be improved by requiring PBMs to provide greater transparency in the amount of their rebates, increase enforcement mechanisms, and require PBMs to pass rebates on to patients.

“If we really want to reduce drug prices in the United States, we have to look at all players in the drug supply chain,” added Schmid. “One recent study found that in 2018 nearly 50 percent of what was spent on brand medicines went to health insurers, hospitals, pharmacies, and other health system payers, such as PBMs. One analyst calculates the annual dollar gap between sales of brand-name drugs' list price and their sales at net prices after rebates and other reductions as being an astounding \$175 billion. Clearly it is time to provide oversight and regulation of PBMs.”

In its proposed revisions to the NAIC draft model act, **HIV+Hep** asks that it include a provision stating that PBMs have a fiduciary relationship with health carriers and that all cost-sharing, whether it is paid for or on behalf of the patient, be counted. Each of the

recommendations **HIV+Hep** has made have already been adopted by one or more states.

Several other entities have also submitted [comments](#) on the draft model act, some even arguing that the draft goes too far in providing state regulation of PBMs.

The subgroup will begin its discussion of the comments it has received on September 14, 2020.

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The **HIV+Hepatitis Policy Institute** is a national, non-profit organization whose mission is to promote quality and affordable healthcare for people living with or at risk of HIV, hepatitis, and other serious and chronic health conditions.