



February 24, 2025

The Honorable Brett Guthrie
Chair, House Energy and Commerce Health Subcommittee
U.S. House of Representatives
Washington, D.C. 20515

Re: Support for Pharmacy Benefit Manager (PBM) Reform

Chair Guthrie and Members of the House Energy and Commerce Health Subcommittee,

The HIV+Hepatitis Policy Institute is a leading national HIV and hepatitis policy organization promoting quality and affordable healthcare for people living with or at risk of HIV, hepatitis, and other serious and chronic health conditions. As the Subcommittee examines how reining in pharmacy benefit managers (PBMs) will drive competition and lower costs for patients, we urge Congress to pass meaningful reforms that will ensure patient access to life-saving medications and address the harmful, profit-driven practices of PBMs.

For too long, pharmacy benefit managers have profited at the expense of patients living with chronic conditions. These middlemen, who now control 80% of prescription drug claims dictate, with little transparency or oversight, which medications insurers cover, how much patients pay and which administrative hoops patients and providers must jump through to access prescribed treatments.ⁱ PBMs exploit their dominant market position to extract profits at the expense of patients, particularly those managing chronic conditions such as cancer, diabetes, and HIV. Chronic conditions affect more than 130 million Americans and as of 2022, approximately 1.2 million people were living with HIV nationwide.ⁱⁱ

A troubling example of these exploitative practices is how PBMs manipulate medication list prices and rebates to maximize their own revenue. Since PBM revenue is directly tied to the list price of medicines, they earn more the higher the list price. These misaligned incentives sometimes lead to patients footing expensive bills tied to a cost higher than what their own health plan paid for a medication. This misalignment not only increases patient out-of-pocket costs but also increases the likelihood that patients will discontinue treatment, switch to less effective alternatives, or face serious health complications. A recent report from the Federal Trade Commission (FTC) underscores these concerns, revealing that PBMs have marked up the price of generic PrEP, a critical HIV prevention medication, by an astonishing 1000%, further illustrating how their profiteering directly undermines patient access to essential treatments.ⁱⁱⁱ

HIV + HEPATITIS POLICY INSTITUTE

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To address these abuses, we strongly support the following PBM reforms and urge Congress to pass them now:

- **Full PBM Transparency:** Require disclosure of PBM business arrangements and financial incentives
- **Ban Spread Pricing:** Prohibit PBMs from charging more for drugs than they pay pharmacies
- **100% Pass-Through of Savings:** Ensure all rebates, discounts, fees, and other payments from drug manufacturers go directly to plan sponsors
- **De-Link PBM Profits from Drug Prices:** Prevent PBMs from profiting based on higher drug list prices

Beyond manipulating drug pricing, PBMs have devised and exploited schemes such as accumulator adjustment programs (AAPs), which systematically divert patient assistance funds away from those who need them most. In 2023, an estimated 49% of commercially insured beneficiaries were enrolled in plans with AAPs, nearly doubling from 28% in 2018.^{iv} Rather than easing the financial burden on patients, PBMs and insurers absorbed approximately \$5 billion in manufacturer assistance that year, effectively shifting costs onto patients.^v Alarming, nearly half of all manufacturer-provided cost-sharing assistance was captured by PBMs, insurers, or third-party vendors, rather than directly benefiting patients as intended.^{vi} These predatory practices hit the most vulnerable patients the hardest, making it even more difficult for them to afford the medications they rely on.

We also urge Congress to enact measures such as the bipartisan *Help Ensure Lower Patient (HELP) Copays Act*, which would require health plans to count patient assistance toward cost-sharing obligations, effectively prohibiting the use of AAPs in non-grandfathered commercial health plans. The bill builds on action taken by 22 states, DC, and Puerto Rico that have already passed AAP bans in their state-regulated markets.^{vii}

Continued inaction on PBM reform will only exacerbate the financial and health challenges that millions of Americans face daily. Congress must act now to ensure that patients, not PBMs, are at the center of our health care system. We appreciate your leadership on this critical issue and urge the Subcommittee to advance comprehensive PBM reforms that restore fairness, transparency, and affordability to the prescription drug marketplace.

If you have any questions or need any additional information, please do not hesitate to reach out via phone at (202) 462-3042 or email at cschmid@hivhep.org.

Sincerely,



Carl E. Schmid II
Executive Director

Cc: Members of the House Energy and Commerce Health Subcommittee

ⁱ <https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-releases-interim-staff-report-prescription-drug-middlemen>

ⁱⁱ <https://www.cdc.gov/hiv-data/nhss/estimated-hiv-incidence-and-prevalence.html>

ⁱⁱⁱ https://www.ftc.gov/system/files/ftc_gov/pdf/PBM-6b-Second-Interim-Staff-Report.pdf

^{iv} Fein A. The 2024 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers. *Drug Channels Institute*, March 2024.

^v IQVIA. 2023 Update: Six Years of Deductible Accumulators and Copay Maximizers. 2024. <https://www.iqvia.com/locations/united-states/blogs/2024/03/2023-update-six-years-of-deductible-accumulators-and-copay-maximizers>

^{vi} Fein A. The 2024 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers. *Drug Channels Institute*, March 2024.

^{vii} Avalere. Cort Ruling Will Limit Accumulators. October 2023. <https://avalere.com/insights/court-ruling-will-limit-accumulators>