

Questions for FTC/DOJ Listening Sessions on Lowering Americans' Drug Prices Through Competition (7/15/2025)

- 1. To what extent are vertically integrated insurers and PBMs increasing overall drug costs for patients and the healthcare system by implementing copay accumulator and maximizer programs that keep for themselves manufacturer assistance intended for patients, often in coordination with third-party vendors?**

Background: Copay accumulator and maximizer programs block manufacturer copay assistance from counting toward a patient's deductible or out-of-pocket maximum. As a result, patients face sudden and unaffordable cost spikes mid-year, while PBMs, insurers, and often third-party vendors retain the financial value of the assistance. These programs are commonly deployed by vertically integrated entities, raising concerns that internal financial incentives are being prioritized over patient affordability and therapeutic continuity.

- 2. If PBMs and insurers claim that formulary and tiering decisions are based on clinical guidelines and drug cost, how do they explain placing all treatments for certain conditions (such as HIV) on the highest cost-sharing tiers, including generics? What role do rebates and revenue considerations play in this practice?**

Background: The FTC's July 2024 interim staff report, "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies," highlighted evidence that PBMs and insurers often place entire drug classes on non-preferred or specialty tiers regardless of price or clinical differentiation. In some therapeutic areas like HIV, this type of benefit design undermines access and raises concerns that formulary decisions are being driven by rebate revenue rather than medical necessity or competitive pricing.

In its January 2025 second interim report, the FTC documented how PBMs and their affiliated pharmacies dramatically marked up the price of specialty generics. Multiple HIV medications, including generic versions of Truvada, were among those with markup rates exceeding 1,000 percent. The FTC found that PBMs generated more than \$500 million in excess revenue from HIV generics alone, raising serious concerns about how profit-driven dispensing and formulary practices are inflating costs without delivering additional clinical value.