

April 8, 2022

To the Members of California's Congressional Delegation:

We are writing to express our concerns related to the rising costs of prescription medicines and urge Congress to direct their attention to one of the major deterrents to lowering these costs for patients: Pharmacy Benefit Managers (PBMs). Instead of enacting price setting policies that will make medications less accessible and affordable for patients, we request Congress work to remedy the damaging and dysfunctional system that puts billions into the pockets of PBMs while patients continue to struggle to afford their medications.

Private health insurers, Medicaid, and the Medicare Part D program all hire PBMs to help administer their prescription drug benefits. PBMs initially provided support for program implementation and billing, but now their scope of work and influence has expanded to include negotiating rebates and developing drug formularies. Despite claims by insurance companies that rebates help lower health plan premiums, no transparency or accountability exists to prove this contention.

A [December 2021 report](#) from the PBM Accountability Project found that PBMs' gross profit increased by 12%, from \$25 billion in 2017 to \$28 billion in 2019. That's billions of health care dollars that could, and should, be going toward helping patients receive and pay for the medications they need, but are instead enriching corporations. And, these large profits from rebates could lead to PBMs favoring more expensive drugs for their health plan client's drug formulary, which further limits patient accessibility to necessary medications and therapies and leads to heightened list prices.

It should raise alarms that medications are being placed on formularies based on what is essentially a "pay to play" system, instead of based on efficacy, and that these rebates do nothing to help patients afford their medications at the pharmacy counter. Patients who cannot take their medications due to high costs are at a significant risk of rationing or skipping their medications, leading to poorer health outcomes.

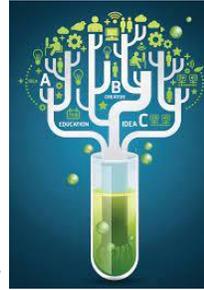
In 2021, over 100 bills across a dozen state legislatures were introduced on PBM reform, including a West Virginia law that passed along 100% of rebates to patients. In California, a bill currently being considered would pass along 90% of negotiated rebates at the pharmacy counter, leading to over \$70 million in savings for the patients who need it most.

While it's fortunate that states are taking it upon themselves to act against these harmful practices to allow patients to better afford their medicines, more needs to be done at the federal level. If Congress does not address concerning PBM practices and instead moves forward with existing drug pricing proposals, not only would people suffering from life-threatening diseases and chronic illness have less access to current treatments, but their hope for future cures will also be diminished.

Like you, we are dedicated to lowering health care costs and making prescription medications more available and affordable for patients. That is why we are urging Congress to direct their attention to the entities that do nothing to help patients afford the medications they need.

Thank you for your consideration.

Sincerely,



CALIFORNIA HEALTH ACCESS COALITION CALIFORNIA HEALTH COLLABORATIVE



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