



S.2507 / A.3007 Part J

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BILL S.2507 / A.3007 Part J
SUBJECT PBM Regulatory Scheme
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OPPOSE

The Business Council opposes S.2507 / A.3007 Part J, which unnecessarily subjects Pharmacy Benefit Managers (PBMs) to state registration and licensure.

PBMs have become the latest easy target for state officials to blame for ever-increasing healthcare costs. However, there is no data that indicates that clients of PBMs suffer from the services that they receive. On the contrary, PBMs have developed and successfully implemented programs such as drug utilization review, formulary management and disease and health management which encourage the appropriate, safe and effective use of prescription drugs to improve patient outcomes and control costs.

The ability to use leverage for volume discounts and utilize contractual tools to manage prescription drug benefits has helped allow PBMs to ensure that pharmaceutical benefits are affordable for premium payers. These budget provisions will not improve these market outcomes nor will they address any of the real issues facing employers, such as the rising cost of health providers, unnecessary testing and run-away medical malpractice litigation.

Further, PBMs are already a highly regulated industry. Significant oversight of pharmacy spending already exists through the Department of Health, the Office of the Medicaid Inspector General and the Department of Financial Services. Health plans are required to report PBM information, including amounts paid to PBMs, amounts for each prescription drug and the amounts paid for administrative services. The Pharmacy Review Project Team of the Medicaid Inspector General's Office currently reviews payments from PBMs to network pharmacy and the Department of Financial services requires health plans to submit the bulk of their PBM data.

This proposal is duplicative at best and more likely a massive regulatory burden that will end up costing consumers. In an age of ever-increasing healthcare costs, the state needs to be looking for ways to increase flexibility in cost management rather than creating regulatory hurdles for those industries that are leaders in innovative cost-savings.

For these reasons, The Business Council urge non-inclusion of S.2507 / A.3007 Part J in the final budget.