



The Office of Senator Ron Wyden  
221 Dirksen Senate Office Bldg.  
Washington, D.C., 20510

April 20, 2023

Dear Senator Wyden,

On the behalf of SMART, Ironworkers International, United Association, IBEW and IUOE, we applaud the recent efforts of the Senate Committee on Commerce, Science and Transportation to bring additional transparency and reforms to the pharmacy benefit manager (PBM) marketplace through the approval of the Pharmacy Benefit Manager Transparency Act (S.127) in a bipartisan vote. This important legislation is a critical first step in ensuring that patients and plan sponsors aren't overpaying for their prescription drugs.

As you know, a lack of transparency on the part of PBMs in their pricing and rebate negotiations has resulted in skyrocketing drug costs for patients as well as plan sponsors – many of which are unions like ours that sponsor health plans for their members and families.

While PBMs are frequently successful in securing discounts off the list price of prescription drugs, these savings are often not passed on to patients. In particular, patients whose cost-sharing is tied to a drug's list price may end up paying more than their insurance for certain medications.

The Pharmacy Benefit Manager Transparency Act (S.127) would take steps to limit some of the most egregious PBM business practices and require that they disclose information about their pricing methods, contracts, and rebates which will enable patients and plan sponsors to make more informed decisions about their healthcare options. As we look to the future, we believe that there is an opportunity for the Senate Finance Committee to broaden its efforts in support of America's workers. Below are some recommendations lawmakers should consider:

- **Pass All Savings Down to Patients and Plan Sponsors.** If PBMs are negotiating savings for patients, then they should be able to see it at the pharmacy counter. Congress should follow the example of policymakers in West Virginia and require that patient cost-sharing be reduced based on the price concessions PBMs receive from a manufacturer.
- **Implement a Transparent PBM Fee Structure.** The current bill does not address misaligned incentives that incentivize PBMs to prefer medicines with higher list prices

and larger rebates in order to maximize revenue, which ultimately drives up costs for patients and plan sponsors. We believe PBM compensation should not be tied to the list price of a medicine, but instead come in the form of a pre-determined flat fee.

- **Limit Loopholes That Allow PBMs to Continue to Engage in Anti-Competitive Behavior.** While the bill bans PBMs from engaging in spread pricing, imposing “clawback” fees or implementing other schemes to pocket savings instead of passing them on to patients, there are numerous exceptions that would allow them to continue to engage in these practices – for example by reporting aggregate information about their discounts and rebates. PBMs shouldn’t be able to easily circumvent these prohibitions.


We have seen firsthand the impact that rising healthcare costs have on working families. The high cost of prescription drugs is a major burden for many of our members, who often must choose between paying for medication and meeting other basic needs. We believe that S.127, when coupled with our proposed reforms, will make major progress in addressing these affordability issues.

Thank you for your time and ongoing leadership.

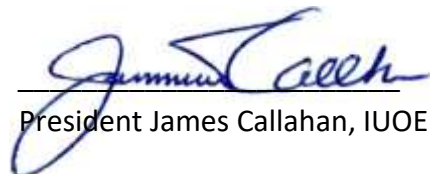
Sincerely,

Signed:

  
President Joseph Selfers, SMART

  
President Eric Dean, Ironworkers

  
President Kenneth Cooper, IBEW

  
President James Callahan, IUOE

  
President Mark McManus, UA