

November 15, 2023

WHEREAS, the United States is the global leader in research, development, and discovery of new medicines, with the biopharmaceutical industry directly employing more than 900,000 U.S. workers and supporting a total of nearly 4.5 million jobs nationwide;ⁱ and

WHEREAS, the skills required to build biopharmaceutical facilities are incredibly complex, requiring exacting standards to ensure the safety and efficacy of life-saving treatments and cures; and

WHEREAS, North America's Building Trades Unions spend upwards of \$2 billion annually on training, apprenticeship, certification and continuing education programs that equip U.S. workers with the broad range of skills needed to fuel America's biopharmaceutical research and manufacturing industry;ⁱⁱ and

WHEREAS, access to comprehensive insurance coverage, including pharmacy benefits, through plans jointly negotiated and managed by union leaders and employers, is a key benefit of union membership; and

WHEREAS, such plans and their union members are significant purchasers of biopharmaceutical products and therefore directly invested in a transparent, fair, and effective biopharmaceutical supply chain; and,

WHEREAS, Pharmacy Benefit Managers (PBMs) are intermediaries in the biopharmaceutical supply chain that have vertically and horizontally consolidated in recent years, including integrating with health benefit insurance providers, leading to calls for transparency and reform to ensure they act in the best interests of plan sponsors and their members; and

WHEREAS, this consolidation and integration has resulted in three (3) companies controlling the majority of the marketplace with many analysts stating that this market consolidation has resulted in 80% market power; and

WHEREAS, states have limited authority to regulate self-funded health plans and their intermediaries, and consistent federal standards are preferable in any event; and

WHEREAS, bipartisan members of the United States Senate and House of Representatives are working to enact needed PBM reforms this year, including market-wide initiatives to promote fairness for plan sponsors and their members; and

RESOLUTION Concerning Pharmaceutical Benefit Management Reform

WHEREAS, to provide consistent regulation and prevent future abuses, marketplace reforms across both the government, self-funded, and commercial marketplace are critical steps for federal policymakers to support and advance; and

WHEREAS, multiple independent sources have determined that PBMs, in some cases, have incentives to favor coverage of higher cost medicines over lower cost alternatives because their compensation is sometimes connected to medicine prices,^{iii iv v} and

WHEREAS, it is in the interest of the trade union and company trustees of the Pharmaceutical Industry Labor-Management Association (PILMA) to ensure PBMs and other intermediaries are working to offer the lowest-cost, medically appropriate medicines to plan members and are not contributing to higher medicine prices; therefore

BE IT RESOLVED, that the trade union and company trustees of PILMA agree that federal legislation that addresses PBM reform in both the government, self-funded, and commercial market is the appropriate vehicle for ensuring that PBMs deliver on their promise of appropriate cost containment for union plans and their members; and

BE IT FURTHER RESOLVED, that greater transparency and steps to ensure PBMs do not benefit financially from preferring higher cost medicines are in the interest of union plan sponsors and their members; and

BE IT FURTHER RESOLVED, that the trade union and company trustees of PILMA will advocate in support of federal legislation to break the link between PBM compensation and medicine prices, including by ensuring that negotiated rebates and other savings are passed on to union plans and their members.

ⁱ <https://phrma.org/resource-center/topics/economic-impact/industry-economic-impact>

ⁱⁱ https://nabtu.org/workforce_dev/apprenticeship-training/

ⁱⁱⁱ Federal Trade Commission. Policy Statement of the Federal Trade Commission on Rebates and Fees in Exchange for Excluding Lower-Cost Drug Products. https://www.ftc.gov/system/files/ftc_gov/pdf/Policy%20Statement%20of%20the%20Federal%20Trade%20Commission%20on%20Rebates%20and%20Fees%20in%20Exchange%20for%20Excluding%20Lower-Cost%20Drug%20Products.near%20final.pdf

^{iv} Senate Finance Committee. Insulin: Examining the Factors Driving the Rising Cost of a Century Old Drug, 2021. [https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20\(FINAL%201\).pdf](https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20(FINAL%201).pdf)

^v Office of the Inspector General, U.S. Department of Health and Human Services. Part D Plan Preference for Higher-Cost Hepatitis C Drugs Led to Higher Medicare and Beneficiary Spending. August 2022. <https://oig.hhs.gov/oei/reports/OEIBL-21-00200.pdf>