

July 23, 2024

The labor and industry partners of the Pharmaceutical Industry Labor- Management Association (PILMA) applaud the House Oversight Committee’s investigation into the role of PBMs in prescription drug markets. PILMA has a long history of supporting increased transparency and accountability in the prescription drug supply chain and has repeatedly called on lawmakers to investigate and reform the unscrupulous business practices of PBMs and the notable impact they have on the access and affordability of medications.

PBMs have vertically and horizontally consolidated in recent years including integrating with health insurance providers. This consolidation and integration have resulted in three PBM companies controlling 80% of the market, according to analysts. This consolidation gives PBMs unprecedented power in setting medication prices.

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, including for union health plans that support members and their families. In fact, multiple independent sources have determined that PBMs have incentive to favor coverage of higher cost medicines over lower cost alternatives because they receive larger compensation in the form of rebates.

PILMA reiterates the need to reform this system of perverse incentives to support the health and wellbeing of unions members, their families, and all Americans. Our [continued suggestions](#) for reform include:

- Delink the price of prescription drugs from PBM compensation;
- Create more transparency in PBM pricing and compensation practices; and
- Require PBMs to share the savings they incur from manufacturer rebates by passing those savings on the patients and plan sponsors.

PILMA looks forward to continued discussion and policy reforms that develop from today’s House Oversight Committee hearing on PBM transparency and accountability.