



July 31, 2025

The Honorable Bill Cassidy, Chairman
Senate Committee on Health, Education, Labor and Pensions
United States Senate
Washington, DC 20510

The Honorable Bernie Sanders, Ranking Member
Senate Committee on Health, Education, Labor and Pensions
United States Senate
Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Sanders,

On behalf of the Pharmaceutical Industry Labor-Management Association (PILMA) –which brings together skilled union workers and major pharmaceutical companies to support a strong American life sciences sector – I commend the Committee for convening this week’s hearing, *“Making Health Care Affordable: Solutions to Lower Costs and Empower Patients.”*

As you are aware, rising healthcare costs continue to place a significant burden on working families across the nation. The skilled pipefitters, electricians, ironworkers, and other tradespeople who build America’s pharmaceutical manufacturing infrastructure are no exception. They, too, feel the strain of escalating medical expenses.

Today, more than half of all prescription drug spending goes not to manufacturers, but to insurers, pharmacy benefit managers (PBMs), and other supply chain intermediaries. These middlemen operate with little transparency in a bloated insurance system that increasingly dictates patient care – prioritizing profits over people every step of the way.

This unsustainable status quo places a heavy strain on jointly managed health plans that provide comprehensive coverage for millions of American workers and retirees. Employer-sponsored, union-managed health plans have long been considered the gold standard of American healthcare benefits. But they are being undermined by egregious PBM practices. Tactics such as spread pricing, withholding rebates intended for patients, and steering prescriptions to affiliated pharmacies add no value to care, but significantly increase costs for plans relied upon by working families.

Congress must rein in the unchecked power of middlemen and restore balance to our healthcare system. PILMA has long supported bipartisan, commonsense reforms, several of which we have previously shared with this Committee:



- **Delink PBM Compensation from Drug Prices.** PBM compensation should be based on a flat, pre-determined fee rather than tied to a drug's list price. This would eliminate incentives that favor more expensive medications.
- **Ensure Savings Are Passed to Patients and Plan Sponsors.** Patients should see the benefits of negotiated savings at the pharmacy counter. Congress should require that cost-sharing be reduced based on the discounts PBMs secure from manufacturers.
- **Increase Oversight of PBM Market Concentration.** With the largest PBMs controlling over 80% of drug purchasing, robust oversight is urgently needed. Congress must provide greater transparency and accountability for these market-dominant entities.

We are encouraged by the introduction of the *PBM Reform Act* (H.R. 4317) in the House of Representatives by Rep. Buddy Carter (R-GA) and nearly two dozen of his colleagues on both sides of the aisle. This legislation incorporates many of our recommended reforms and represents a major step toward addressing the most harmful PBM practices. We strongly urge the Senate to consider companion legislation to ensure meaningful, comprehensive PBM reform advances in both chambers.

Now is the time for decisive action. Half-measures and incremental fixes are no longer sufficient. American patients and working families need real relief from rising prescription drug costs and the predatory practices that have distorted our healthcare system. Congress has the power to lead – and we respectfully urge you to use it.

Thank you for your time and continued leadership.

Sincerely,

A handwritten signature in black ink that reads "Mark McManus".

Mark McManus

Chairman, Pharmaceutical Industry Labor-Management Association (PILMA)

General President, United Association