

NEWS BRIEF

Provided by: National Insurance Services

House Committee Launches Probe Into PBMs

The U.S. House Oversight and Accountability Committee has launched an investigation into pharmacy benefit managers' (PBMs) role in rising health care costs. The committee has requested documents and communications related to drug-price rebates and fees from the nation's three largest PBMs.

The committee's investigation is in response to tactics some allege are anti-competitive. PBMs negotiate rebates with drug manufacturers on behalf of a health insurance plan, serving as the intermediary between drugmakers, plans and pharmacies. Earlier this year, California sued several drugmakers and PBMs for allegedly overcharging patients for insulin, claiming manufacturers artificially increased list prices and PBMs received a larger percentage of the drug list price—which is known as the rebate.

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“Greater transparency in the PBM industry is vital to determine the impact that their tactics are having on patients, the pharmaceutical market and programs administered by the federal government.”

- Rep. James Comer, chairman of the House Oversight and Accountability committee

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The Federal Trade Commission (FTC) has also been probing into PBMs recently. The agency had the country's six largest PBMs turn over detailed information about their business practices. The FTC will closely analyze the fees and rebates that are paid to PBMs in exchange for coverage for their drugs from payers.

What's Next?

While the FTC's PBM investigation is ongoing, the House committee is probing for information from PBMs related to their role in government health care programs. The committee expects to produce a report recommending potential legislation.

As PBMs face more scrutiny, employers should continue to monitor prescription drug trends, utilization and spending. We'll continue to monitor these developments and keep you apprised of any new information.

