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Attorney General Kaul Joins Bipartisan Coalition Urging Congressional Action on Pharmacy Benefit Manager Reform

MADISON, Wis. – Attorney General Josh Kaul has joined a bipartisan coalition of 39 attorneys general in urging the U.S. Senate and House of Representatives to engage in meaningful debate and reform of the current practices of pharmacy benefit managers (PBMs).

The bipartisan letter pushes Congress to take decisive action to reform the way PBMs conduct business and bring more transparency to their work.

“The cost that Wisconsinites pay for prescription drugs shouldn’t increase because of pharmacy benefit managers,” said Attorney General Kaul. “We’re calling on Congress and the FTC to act in order to hold prescription drug prices down and increase transparency in pricing.”

The letter emphasizes the urgent need for legislative action to address potential abuses within the PBM industry. Specifically, the coalition highlights three bills – the DRUG Act (S1542/HR6283), Protecting Patients Against PBM Abuses Act (HR2880), and the Lower Costs, More Transparency Act (HR5378) – as crucial pieces of legislation that offer necessary reforms.

Together, the legislation is intended to limit PBMs from unjustifiably increasing drug prices and to mandate steps that increase transparency of their practices. Specifically, this step encompasses the obligation for PBMs to furnish pricing data to health plans and federal and state regulators in a standardized format. Such measures will empower health plans to negotiate more advantageous agreements
with PBMs and enable regulators to more effectively hold PBMs accountable for their actions.

The coalition of attorneys general remains committed to advocating for meaningful reforms that prioritize the needs and interests of patients over profit-driven motives within the PBM industry.

A PBM is a third-party company that functions as an intermediary between insurance providers and pharmaceutical manufacturers, ostensibly to reduce the cost of prescription medication for its clients. It typically negotiates discounts and rebates with drug manufacturers, contracts with pharmacies, and develops and maintain drug formularies, or lists of covered drugs.

Because a PBM ultimately decides which drugs it covers, it can bargain for rebates from drug manufacturers who want to get their products on its “formularies,” or lists of covered drugs. As a result of this leverage, PBMs essentially force drug manufacturers to raise list prices in order to provide ever-growing rebates.

Joining the letter were the attorneys general of Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nevada, New Hampshire, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia and Wyoming.