Advocating for Proven Pharmacy Benefit Manager (PBM) Reform

Opposition to Illinois Bills SB66, HB1272, HB1443, SB1971, and HB3134

The Illinois Pharmacists Association (IPhA) and Illinois Council of Health-System Pharmacists (ICHP) express significant concerns regarding the proposed legislation—SB66, HB1272, HB1443, SB1971, and HB3134—aimed at reducing medication costs. While the intent to make prescriptions more affordable is commendable, these bills introduce unproven methods that may not achieve the desired outcomes. Instead, IPhA and ICHP advocate for comprehensive PBM reform, a strategy with a demonstrated track record of lowering medication costs, enhancing patient access, reducing employer health plan expenses, and improving health outcomes.

Critique of Proposed Legislation

SB 1971, HB1272 and HB3134: These bills propose the importation of prescription drugs from Canada and other countries. While this approach suggests potential cost savings, it faces significant challenges:

- **Safety and Quality Control:** Ensuring that imported medications meet U.S. safety standards is complex and resource-intensive.
- **Supply Limitations:** Canada's drug market is not equipped to handle the demand from U.S. consumers, potentially leading to drug shortages.
- **Regulatory Hurdles:** The federal government must approve drug importation programs, a process historically met with safety and efficacy concerns.

SB66 and HB1443: These bills aim to establish state-run boards or committees to oversee drug pricing – also known as Prescription Drug Affordability Boards (PDABs).

PDABs have been created in several states with the goal to lower prescription drug costs for patients. They have yet to fulfill their promise to lower medicine costs. Even worse, the implementation of Upper Payment Limits appears likely to impact patient access to lifesaving medicines and financially harm vulnerable community pharmacies. This is becoming a political liability rather than an admirable solution.

SB66 and HB1443 propose utilizing the Medicare Maximum Fair Price for medications identified in the Medicare Drug Price Negotiation Program (MDPNP). The National Community Pharmacists Association and 3 Axis Advisors released an analysis that concluded that this program **"exposes small and independent pharmacies to significant financial risk, potentially disrupting seniors' access to essential medications and services."**

- **Payment Delays and Cash Flow Shortfalls:** Pharmacies could face significant payment delays, leading to $11,000 in weekly cash flow shortfalls and $43,000 in annual revenue losses.
- **340B covered entities:** May have less revenue available for charitable care or expanded health care services (i.e., dental care).

IPhA Illinois Pharmacists Association
The Voice for Pharmacy in Illinois℠

ICHP

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A recent NCPA survey stated that **93.2% of independent community pharmacies** are either **considering not stocking or have already chosen not to stock** one or more of the first ten medications on the MDPNP.

Advocating for Comprehensive PBM Reform

Pharmacy Benefit Managers (PBMs) exploit their control over drug pricing and patient access to maximize profits, often at the expense of patients and community pharmacies. Reforming PBM practices has been proven to yield substantial benefits:

- **Cost Savings:** States that have implemented PBM reforms, such as prohibiting spread pricing and ensuring fair reimbursement (NADAC) plus a transparent professional dispensing fee for pharmacies, have seen substantial reductions in prescription drug costs. This strategy ensures cost savings for patients and employers while maintaining access to local pharmacy care.
- **Enhanced Transparency:** Mandating that PBMs disclose rebate amounts and pricing structures fosters a more transparent system, allowing for better oversight and ensuring that savings are passed on to consumers.
- **Improved Patient Access:** By regulating PBM practices that often lead to pharmacy closures or reduced services, states can ensure that patients maintain access to necessary medications and pharmacy care.

Supporting Evidence from State Legislation

Several states have enacted laws targeting PBM practices with positive outcomes:

- **Ohio:** The state prohibited Medicaid managed care organizations from contracting with PBMs that use spread pricing, transitioning to a transparent, pass-through pricing model. This change led to significant cost savings for the state's Medicaid program.
- **New York:** Legislation requires PBMs to register with the state and disclose all financial incentives and benefits they receive from drug manufacturers, promoting transparency and accountability.
- **Kentucky:** Mandated a single PBM for Medicaid and established fair reimbursement rates for pharmacies, including a dispensing fee of $10.64 per prescription. This reform led to an estimated $282.7 million in cost avoidance for the state's Medicaid program.

Conclusion

While the intention behind SB66, HB1272, HB1443, SB1971, and HB3134 is to make medications more affordable, the strategies they propose are unproven and may lead to unintended negative consequences. In contrast, comprehensive PBM reform has a documented history of achieving cost reductions, improving access, lowering employer health plan expenses, and enhancing health outcomes. IPhA and ICHP urge policymakers to prioritize PBM reform as a proven, effective approach to addressing the pressing issue of prescription drug affordability.

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