



# ATAP

ALLIANCE *for* TRANSPARENT &  
AFFORDABLE PRESCRIPTIONS

The Honorable Lamar Alexander  
Chairman, Committee on Health, Education, Labor and Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

The Honorable Patty Murray  
Ranking Member, Committee on Health, Education, Labor and Pensions  
428 Senate Dirksen Office Building  
Washington, DC 20510

July 25, 2019

RE: S. 1895, section 306 (“Health Plan Oversight of Pharmacy Benefit Manager Services”)

Chairman Alexander and Ranking Member Murray:

The Alliance for Transparent and Affordable Prescriptions (ATAP) consists of twenty-three patient and provider groups who are concerned about the role pharmacy benefit managers (PBMs) play in our drug supply chain. As prescribers and patients, we have seen firsthand the negative effect that some of the business practices of PBMs are having on patients’ ability to access needed medications. As such, **we strongly support Section 306 (“Health Plan Oversight of Pharmacy Benefit Manager Services”) of S. 1895 as reported out of the HELP Committee.**

Among other things, Section 306 would require transparency from PBMs about the revenue they receive from manufacturers, as well as disclosure about the rationale behind formulary design decisions. This will finally enable lawmakers and other stakeholders to gain insight into the amounts that PBMs retain at the expense of patients. The bill would also place much-needed limitations on the practice of spread pricing. Perhaps most critically, Section 306 would require

PBMs to pass-through to the plan 100% of all rebates, fees, alternative discounts, and all other remuneration received from manufacturers or any third parties.

Section 306 still allows the PBM to receive payment for “*bona fide* services.” We urge you to explicitly state that these payments must be flat fees, rather than any percentage-based fee, because we must make the PBM financially impartial as to what drug a patient uses. Allowing flat fee reimbursement will enable pharmaceutical companies to compete on pricing, safety, and efficacy, rather than on the size of the rebate they pay to the PBM.

The PBM industry will argue that section 306 will increase costs – but the Congressional Budget Office (CBO) disagrees. In its cost estimate<sup>1</sup> of S. 1895, the CBO states that section 306 would result in “a net decrease in the deficit of \$1.7 billion over the 2019-2029 period.” Furthermore, the CBO states that “sponsors of smaller plans” – including small to mid-sized employers – would benefit from the transparency provisions because such entities currently only have access to limited information about their PBMs. Finally, CBO estimates that section 306 would initially reduce plan costs for drugs across all plans in the private market by 1% and that, as a result, premiums could also decrease for some plans. We hope that this estimate from CBO can help refute some of the arguments by the PBM industry that any increased transparency or mandatory pass-through would raise costs. **As CBO makes clear: section 306 would reduce costs for the federal government, lower drug costs for plans and employers, and reduce premiums.**

As your legislation moves forward, **please ensure that Section 306 remains in the bill, without allowing it to be watered down by the PBM industry.** Thank you for standing up for patients through your leadership on this important issue.

Sincerely,

American Association of Clinical Urologists  
American Academy of Dermatology Association  
American College of Rheumatology  
Association of Women in Rheumatology  
California Rheumatology Alliance  
Coalition of State Rheumatology Organizations  
Florida Society of Rheumatology  
Global Healthy Living Foundation  
International Foundation for Autoimmune & Autoinflammatory Arthritis

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<sup>1</sup> Congressional Budget Office Cost Estimate of S. 1895, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions (July 16, 2019), available: <https://www.cbo.gov/publication/55457>.

Lupus and Allied Diseases Association, Inc.  
National Infusion Center Association  
National Organization of Rheumatology Managers  
New York State Rheumatology Society  
North Carolina Rheumatology Association  
Ohio Association of Rheumatology  
Rheumatology Nurses Society  
South Carolina Rheumatism Society  
Tennessee Rheumatology Society  
U.S. Pain Foundation