

**ATAP**  
ALLIANCE *for* TRANSPARENT &  
AFFORDABLE PRESCRIPTIONS

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December 3, 2019

Dear Honorable Conferee Member,

**RE: Support SB432**

The Alliance for Transparent and Affordable Prescriptions (ATAP) is a coalition of patient and provider organizations functioning at both the state and federal level to address pharmacy benefit managers (PBMs) and their impact on prescription drug costs and patient access to affordable treatment.

PBMs are hired by health plans to manage drug benefit programs, and act as intermediaries between health plans, manufacturers, and pharmacies. PBMs negotiate rebates or “kickbacks” with drug manufacturers to determine prescription drug formulary placements. The current rebate system allows for PBMs to reap profits on the backs of health plans and patients. ATAP is working at both the state and federal level to eliminate the unfair and deceptive practices of PBMs.

**In order to reduce drug costs and improve patient access to treatment, increased transparency and appropriate oversight of how PBMs operate in the state is necessary. With this goal in mind, ATAP urges you to support SB432 in the Conferee Committee.**

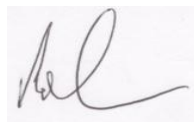
Senate Bill 432 requires PBMs to be licensed with the NC Insurance Commissioner in order to operate as a third-party administrator in the state. The bill allows the Commissioner to collect certain information on a PBM’s business operations and establish criterion to determine whether or not a license should be issued.

**ATAP believes that unless more regulation and oversight is imposed on PBMs, they will continue to engage in conduct that is deceptive, unfair, and contrary to the best interest of patients.**

The rebate system was intended to generate cost-savings, but lack of transparency laws has enabled PBMs to divert rebates and discounts towards their bottom line rather than defraying costs for plans and patients. Enacting a PBM state licensure law is just a first step towards increasing transparency in the prescription drug supply chain.

**For the aforementioned reasons, ATAP implores you to support Senate Bill 432, requiring PBMs to be licensed by the NC Commissioner on an annual basis. Thank you in advance for your time and consideration of our request.**

Sincerely,



Robert Levin,  
MD President

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1100 E Woodfield Road, Suite 350 | Schaumburg, IL 60173

(847) 517-7225 | [www.atapadvocates.com](http://www.atapadvocates.com) |  @ATAPAdvocates