



February 21, 2020

Re: Please Support SB 241

Dear Honorable House Members:

The Alliance for Transparent and Affordable Prescriptions (ATAP) consists of twenty-seven patient and provider groups who are concerned about the role PBMs play in the rising cost of drugs and reduced patient access to affordable treatment. PBMs essentially act as middlemen between insurers, drug manufacturers, and pharmacies and thus have a uniquely central role in the drug market, handling everything from setting patient copayment amounts to determining which drugs are covered by which health plans.

PBMs have a significant impact on patients and their ability to obtain the medications they need in a timely and affordable manner, and yet very little is known about their role.

PBMs should be held to a high standard of practice in order to conduct business in the state. ATAP holds that implementing a state licensure requirement is vital in order to provide a minimum level of oversight. Provisions in SB241 require PBMs to obtain and maintain a license to conduct business in Indiana so to ensure PBMs act in the best interest of patients.

In addition, we support this bill as it pertains to guarding against PBM deceptive acts. Further, PBM insurer mergers and consolidations should be subject to review to further explore the impact those arrangements have on prescription drug costs. ATAP opposes practices PBMs use that require or incentivize customers to use a pharmacy with whom the PBM has an ownership or financial interest.

Furthermore, ATAP supports language in SB241 that requires PBMs to disclose, to the Commissioner, the aggregated dollar amount of rebates received; and administrative fees collected by PBMs. The bill also contains provisions for PBMs to disclose to plans the amount of concessions they receive from manufacturers for a drug that has a generic equivalent available.

ATAP recommends that the legislature also establish a minimum percentage for rebates that PBMs must pass on to health plans and beneficiaries. PBMs claim to pass a portion of the rebates and discounts they get from manufacturers back to the insurers to help drive down costs for patients, but due to the opaque nature of their contracts, most of these funds appear to go to their bottom line.

For the aforementioned reasons, ATAP implores you to vote in favor of SB 241. Should you have any questions, please direct them to Heather.Kazmark@naylor.com or 847.264.5930.

Sincerely,

Robert W. Levin, MD
President, ATAP