



STATEMENT

In Support of Arkansas Pharmacy Benefit Manager Licensure Act HB 1010 March 13, 2018

Position: The Pharmaceutical Research and Manufacturers of America (PhRMA) supports Arkansas HB1010, the Pharmacy Benefit Manager (PBM) Licensure Act which would place comprehensive licensure and oversight over PBMs operating in Arkansas, and could lead to better patient protections.

Under the new law, a PBM would be required to provide an adequate and accessible PBM network for health benefits plans. This is an important aspect to having an actual presence and pharmacy for patients versus allowing mail order to count as an adequate network. It would also allow for reimbursement of valuable pharmacy services that help the patients achieve improved health outcomes and ultimately lowers costs for the patients, plans, and the state. The Insurance Commissioner would also have latitude to put additional protections and parameters around the network adequacy requirements if necessary.

Under the bill provisions, pharmacists would be allowed to share important information with the patient or government entities, removing the current “gag clause” that prohibits pharmacists from doing so currently. Patients deserve to have truthful and accurate information, and this bill would provide patients with important decision-making information at the point of sale. In addition, the bill would prohibit PBMs from using untrue or misleading solicitations.

Newly released PBM data show medicine spending is growing at the slowest rate in years. After accounting for discounts and rebates negotiated with biopharmaceutical companies, PBMs report that medicine spending growth in 2017 was in the low single digits or slightly negative. Express Scripts reported spending on medicines grew just 1.5%, which is the smallest increase since they tracked spending data 25 years ago. This information is important because it begs the question as to where savings go. The Berkley Research Group found brand biopharmaceuticals retained just 63 percent of the list price for brand medicines and the rest is rebated back to PBMs, insurers and others in the supply chain. These discounts and rebates create a savings of more than \$193M in manufacturer rebates that is not always shared with patients who face rising out-of-pocket costs when they go to the pharmacy to get their medicines filled. This legislation is a great start in requiring PBMs to meet a standard that will ensure patient protections and help improve access.

For these reasons, PhRMA strongly encourages legislators to support the Pharmacy Benefit Manager Licensure Act (HB 1010) in Arkansas.