



(Getty Images/Andrii Yalanskyi)

# FIERCE Healthcare

By Noah Tong  
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## PBM reform could be revisited later this year.

Congress is living up to its dysfunctional reputation, at least when it comes to healthcare reform.

It appears [unlikely](#) that major, bipartisan priority items — like site neutral payment and pharmacy benefit manager reform, as well as substance use disorder policies — will be included in the upcoming government funding bill March 8, news outlets have reported.

A partial government shutdown will occur March 1 without an agreement. By March 8, the Department of Health and Human Services' funding will expire. As Congressional leaders [express their frustration](#), health-related actions are taking a backseat.

The bill could include community health center funding and reverse partially Medicare physician payment cuts and Medicaid cuts to hospitals. But health policies that are widely supported by members across the political spectrum are seemingly on hold.

When asked about the possibility of Congress not including site-neutral payment reform in upcoming bills, an American Hospital Association spokesperson told Fierce Healthcare they expect the package to be limited, and that "many issues may need to be addressed in the lame duck." The Federation of American Hospitals opposes any implementation of a site neutral cuts.

"Our primary concern is the impact of site neutral Medicare cuts on hospitals that threaten patients' access to care," said FAH President and CEO Chip Kahn. "Any reduction in Medicare payments would compound the existing financial strain that hospitals face, undermining their viability and ability to maintain critical service lines. These policy proposals disregard the essential role hospitals play in serving patients in every community across the country and jeopardize patient access to care.

**Related:** [PBMs run media blitz calling out practices of their peers, telling policymakers reforms can cut costs](#)

A joint statement by the National Association of Chain Drug Stores, the National Alliance of State Pharmacy Associations and other groups, said in a letter that reforms on PBMs are needed "without delay."

"Failure to include these reforms, which Congress has advanced on a broad and bipartisan basis, would be a major victory for the PBMs that employ harmful tactics that inflate prescription drug costs, force pharmacy closures, and block access to Americans' pharmacy of choice," said the coalition.

**PBM reform hope remains**

The appetite for PBM reform is bipartisan. Both the House and Senate have passed similar bills through committee that would overhaul the industry, changing how the big three PBMs — Caremark, OptumRx and Express Scripts — are allowed to operate.

One bill, the Pharmacy Benefit Manager Reform Act brought forward by Sen. Bernie Sanders, I-Vt., is a favorite, said Joe Shields, managing director of Transparency-Rx, in a media briefing Tuesday. Transparency-Rx is a coalition of PBMs that argue in favor of transparent practices and agree with many proposals discussed in Congress in recent months.

The [bill](#) would ban spread pricing, establish civil penalties for violations and institute various drug transparency requirements. And the [Lower Costs, More Transparency Act](#), another bill that once had momentum, was passed in the House in December by a vote of 320 to 71.

Despite the setback on PBM reform, industry experts said they are pleased by the discussions they've had with lawmakers.

### **2024 Outlook: Will legislators pass meaningful reforms to PBMs? The jury is still out**

"I would just say that we remain optimistic," said Shields. "I think the lack of PBM language at this point in the budget package to me has to do with the broader contours about the budget negotiations and the dynamics between the two chambers, not really relevant to the substantive policies behind PBM reform."

He said indications are pointing toward the House getting closer to the Senate package on numerous aspects of reform.

"We're going to see more and more pressure to make these changes more permanent," said David Fields, president and CEO of Navitus Health Solutions. "I think from that groundswell of the payers taking a more active role is going to help push this forward."

SmithRx CEO Jake Frenz noted that the space is complex, and it's not a devastating outcome for the priorities to be pushed down the line temporarily.

"I think to get it right here is the most important aspect, and if it takes another couple of quarters to do that, or years even, I'm fine with that," he said.

"Even if, or when, legislation gets passed, I think there's a lot more work to do," added Shields.

Federal Trade Commission Chair Lina Khan said in a recent [letter](#) to Sen. Chuck Grassley, R-Iowa, that six major PBMs and several rebate aggregators have yet to adequately respond to the commission's orders of handing documents related to business practices, Axios first reported.

PBM Rightway Healthcare co-founder Jordan Feldman is among those wary that the biggest PBMs today will ever become fully transparent.

"It's become the largest part of their profit pools as different parts of their business have come under attack," said Feldman. "I am highly skeptical we will ever see true transparency. I think they will play ball with legislation because they have to. Given that they control multiple parts of the ecosystem, you'd essentially have to regulate the vertical stack across every part of the system to make sure that they're not moving money around."

*Staff writer Dave Muoio contributed to this story.*