REFORMING ABUSIVE PBM PRACTICES

WAYS TO ENSURE CALIFORNIANS HAVE AFFORDABLE ACCESS TO MEDICINE

CALIFORNIA LIFE SCIENCES

Congress should support patient access by further de-linking PBM revenues from the cost of the medicine by passing the *DRUG Act* (H.R.2214) and protect patients from higher cost-sharing by passing the *HELP Copays Act* (H.R.6423/S.864).

STOPPING PBMS FROM ABUSING THEIR POWER

Pharmacy Benefit Managers (PBMs) play a large role in determining prices, formulary placement, and medication access for patients. Unfortunately, misaligned incentives and a lack of transparency by PBMs have led to increased costs and limited patient choice. In fact, PBMs are marking up drug prices by as much as 3,390%, generating over $7.3 billion of revenue in excess of their estimated cost.

PREVENTING PATIENT STEERING, RESTRICTIVE PHARMACY CONTRACTING

PBM contracting services are straining the finances of pharmacies and dictating where patients can receive care. PBMs will often direct patients to pharmacies they own and charge those pharmacies less than what independent pharmacies must pay. These PBM behaviors are directly contributing to pharmacy closures in the state.

DELINKING PBM COMPENSATION FROM DRUG PRICE

Currently, rebates and administrative fees that PBMs receive are calculated as a percentage of a drug's list price, leading PBMs to favor drugs with higher list prices and larger rebates so that PBMs can collect higher revenues. PBM compensation should not be based on the list price of medicines. **The *Delinking Revenue from Unfair Gouging (DRUG) Act* breaks the connection between PBM revenue and the drug price within commercial insurance.**

PROHIBITING BARRIERS TO COPAY ASSISTANCE

PBMs and insurers have created barriers to patients trying to utilize manufacturer copay assistance by exploiting this assistance, preventing the copay assistance from counting towards a patient's out of pocket costs, only dollars directly paid by the patient counts. **The *Help Ensure Lower Patient (HELP) Copays Act* allows third-party payments provided to patients by manufacturers to be used to decrease the burden of their copays.**

GIVE PATIENTS CHOICES



In 2022, the three largest PBMs controlled 80% of the U.S. marketplace, and excluded more than 1,150 medicines from standard insurance formularies.

KEEP PHARMACISTS IN COMMUNITIES



In 2023, there were over 300 net independent pharmacy closures—almost one less pharmacy open for patients a day and overall there were about 2,200 fewer retail pharmacies than there were four years ago.

SAVE PATIENTS MONEY



In a "De-linked Business Model" patients see up to 20% reductions in drug costs.

COUNT ALL COPAYS



Nearly two-thirds of patients abandon their prescriptions when their out-of-pocket costs exceed $250.

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CONTINUE TO BUILD ON RECENT PROGRESS

In February 2026, many significant PBM reforms were enacted through the *Consolidated Appropriations Act of 2026* (H.R. 7148). This legislative package incorporated many PBM reforms that closely reflected the bipartisan agreement reached around December 2024 but ultimately not enacted. The enacted reforms primarily focus on **rebate pass-through, increased transparency, standardized reporting, and expanded oversight.**

- **Delinks PBM compensation** in **Medicare Part D** from drug prices and rebates, replacing it with flat, fair-market service fees (effective 2028);
- Establishes **new transparency and reporting requirements** for PBMs serving **Medicare Part D** plans, including data on pricing, utilization, revenues, PBM-affiliated pharmacies, and manufacturer contracts (effective 2028);
- Strengthens existing regulatory **"any willing pharmacy" protections to ensure patient access**, requiring **Medicare Part D** plans to contract with pharmacies that meet reasonable and relevant terms (effective 2029);
- **Expands transparency and oversight** of PBMs in **employer health plans** through detailed reporting on drug spending and utilization, including out-of-pocket spending and pharmacy reimbursement (effective for plan years starting 30 months after enactment);
- Requires **100% pass-through of rebates and discounts** in ERISA-regulated **employer plans**; and
- Directs **additional federal studies** on PBMs and the Medicare Part D drug supply chain.

REMAINING PBM REFORMS NEEDED TO PROTECT PATIENTS AND REDUCE COSTS

The FY26 package pulled from, but did not fully enact, the broader bipartisan *PBM Reform Act of 2025* (H.R.4317) and related proposals, meaning additional reforms remain pending in Congress. Congress should advance the additional reforms below to close remaining gaps and address ongoing PBM abuses that increase patient costs, reduce access, undermine employer plan value, waste taxpayer dollars, limit competition, and drive independent pharmacy closures. In addition to the ***DRUG Act*** **(H.R.2214)** and the ***HELP Copays Act*** **(H.R.6423/S.864),** Congress should support:

PBM KICKBACK PROHIBITION ACT (H.R.7895)	Prohibits PBMs from paying kickbacks to brokers and consultants in exchange for steering health plans toward preferred PBMs.
SAFE STEP ACT (H.R.5509/S. 2903)	Would require health plans to offer a step therapy exemption process for patients who have already tried and failed a PBM-preferred drug, where a treatment delay could cause irreversible health consequences.
BREAK UP BIG MEDICINE ACT (S.3822)	Would prohibit common ownership among PBMs, insurers, and wholesalers, thereby limiting vertical integration in the pharmaceutical supply chain.
PBM "FAIR" ACT (H.R.6837/S. 3549)	Would provide that PBMs must adhere to fiduciary responsibilities and act in the best interests of employees relying on employer-sponsored health plans.
PHARMACISTS FIGHT BACK IN MEDICARE AND MEDICAID ACT (H.R.6609)	Would require that any savings PBMs negotiate be passed through to patients at the pharmacy.