Memorandum in Support of A.2970/S.1705

An Act to amend the insurance law, in relation to implementing the pharmacy benefit manager transparency act

Health Care for All New York (HCFANY) is a statewide coalition of over 170 organizations dedicated to achieving quality, affordable health coverage for all New Yorkers. **HCFANY strongly supports A.2970/S.1705.** This bill would require pharmacy benefit managers (PBMs) to disclose conflicts of interest to their partners and share information with the State needed for effective regulation. The bill would result in a public, annual report from the State on the impact PBMs have on health care prices and access to care.

Insurers hire PBMs to manage their drug formularies and negotiate on their behalf for better prices on drugs, realized through rebates. PBMs’ compensation is determined in part by the size of those rebates. However, this creates an incentive for PBMs to include high-priced drugs on formularies, because the higher the initial price, the bigger the rebate they can recoup. New Yorkers need to know if PBMs are driving up drug prices. Nearly half of New Yorkers say they cannot afford basic medical care including filling prescriptions. Other researchers have found that cost reduces medication adherence for people with conditions like heart disease and diabetes, even for insured patients. For those reasons HCFANY strongly urges the enactment of this bill.

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