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Community Service Society of New York ☞ Consumers Union ☞ Empire Justice Center  
Make the Road New York ☞ Medicare Rights Center ☞ Metro New York Health Care for All Campaign  
New Yorkers for Accessible Health Coverage ☞ New York Immigration Coalition ☞ Project CHARGE  
Public Policy and Education Fund of New York/Citizen Action of New York  
Raising Women's Voices-New York ☞ Schuyler Center for Analysis and Advocacy ☞ Young Invincibles

## **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.<sup>1</sup> Because their business practices and the prices they negotiate over are kept secret from regulators and even their contractors, it is possible that PBMs are contributing to higher prescription drug prices. Transparency would allow regulators to understand this dynamic and step in if necessary.

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.<sup>2</sup> Other researchers have found that cost reduces medication adherence for people with conditions like heart disease and diabetes, even for insured patients.<sup>3</sup> For those reasons HCFANY strongly urges the enactment of this bill.

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<sup>1</sup> Elizabeth Seely and Aaron Kesselheim, "Pharmacy Benefit Managers: Practices, Controversies, and What Lies Ahead," March 26, 2019, The Commonwealth Fund, <https://www.commonwealthfund.org/publications/issue-briefs/2019/mar/pharmacy-benefit-managers-practices-controversies-what-lies-ahead>.

<sup>2</sup> Altarum Healthcare Value Hub, New Yorkers Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines, Data Brief No. 37, March 2019, <https://www.healthcarevaluehub.org/advocate-resources/publications/new-yorkers-struggle-afford-high-healthcare-costs-support-range-government-solutions-across-party-lines/>.

<sup>3</sup> Rohan Khera et al., "Abstract 12916: Cost-Related Medication Non-Adherence in Nonelderly with Atherosclerotic Cardiovascular Disease in the United States, 2013-2016, *Circulation*, 2018, 138:A12916, [https://www.ahajournals.org/doi/abs/10.1161/circ.138.suppl\\_1.12916](https://www.ahajournals.org/doi/abs/10.1161/circ.138.suppl_1.12916); Andrew Karter et al., "Effect of Out-of-Pocket Cost on Medication Initiation, Adherence, and Persistence among Patients with Type 2 Diabetes: The Diabetes Study of Northern California," *Health Services Research*, 5 May 2017, 53:2 (1227-1247), <https://doi.org/10.1111/1475-6773.12700>