



Actors Fund ☞ African Service Committee ☞ Children's Defense Fund-New York
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.2836/S.2087

May 2019

An Act to amend the public health law, in relation to pharmacy benefit managers; and to repeal certain provisions of such law relating thereto.

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 greater regulation of pharmacy benefit managers (PBMs).** A.2836/S.2087 would require PBMs to become licensed and to provide full information to their clients.

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.¹ 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.

New Yorkers need the State to use every strategy possible to control drug prices, including stronger regulation of PBMs. Nearly half of New Yorkers say they cannot afford basic medical care including filling prescriptions.² Other researchers have found that cost reduces medication adherence for people with conditions like heart disease and diabetes, even for insured patients.³ At least 21 states have passed legislation to more strongly regulate PBMs as a way to reduce prescription drug prices – but not New York.⁴

For these reasons, HCFANY strongly supports this bill.

¹ 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>.

² 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/>.

³ 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; 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>

⁴ National Academy for State Health Policy, "Comparison of State Pharmacy Benefit Managers Laws," May 2019, <http://www.ncsl.org/research/health/pbm-state-legislation.aspx>.