

United States Senate

April 19, 2023

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
United States Senate
239 Dirksen Senate Office Building
Washington, DC 20515

Chair Wyden and Ranking Member Crapo:

I am writing to encourage the Senate Finance Committee to continue to prioritize lowering drug prices for all Americans and holding Pharmacy Benefit Managers (PBMs) accountable by addressing a pricing issue that affects thousands of Montanans who rely on prescription drugs to maintain their health. I appreciate the leadership you have both shown on this important topic. At a time when Americans are dealing with high costs, it is critical we all work together to lower prices on essential items like prescription drugs.

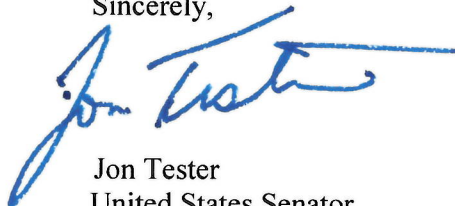
I was encouraged by the Committee's bipartisan discussion of predatory PBMs practices during the Pharmacy Benefit Managers and the Prescription Drug Supply Chain: Impact on Patients and Tax Payers hearing. As you both noted, PBMs engage in a practice that links revenue sources to the list price of a pharmaceutical drug. This practice unnecessarily raises costs for patients, taxpayers, and our health care system as a whole. With that in mind, I respectfully ask the Committee to review solutions on "delinking" the PBM's service fee from the list price of a drug.

PBMs play an outsized role in the drug supply chain and our broader health care system. They negotiate drug prices on behalf of insurance companies and employers, and they are responsible for managing drug benefits for millions of Americans. However, the way PBMs are permitted to pad their profits is unacceptable. These large companies tie several sources of their revenue to the list price of a drug and when the list price of a drug goes up, the PBM often collects more revenue. This creates a perverse incentive for PBMs to operate in high-cost drug markets and create lists of drugs commonly covered by insurance that omit lower cost drugs, resulting in higher costs of prescription drugs for patients.

Lack of meaningful PBM industry standards, limited transparency, and lack of regulatory oversight enable PBMs revenue growth at the direct expense of patients. As I travel around my state, I hear story after story from Montanans who are struggling to pay for their prescription drugs. This is unacceptable and I encourage you to continue the important work of finding a reasonable and effective solution that brings down costs for Montanans and folks all across the country.

I appreciate your leadership on the Senate Finance Committee and stand ready to work with you to hold anyone accountable that is found to be inflating prescription drug prices.

Sincerely,



Jon Tester
United States Senator