



February 26, 2025

The Honorable Brett Guthrie
Chairman
U.S. House of Representatives
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Earl “Buddy” Carter
Chairman
U.S. House of Representatives
Health Subcommittee on Energy and Commerce
2432 Rayburn House Office Building
Washington, DC 20515

Dear Chair Guthrie, Health Subcommittee Chair Carter, and members of the House Committee on Energy and Commerce:

The American Pharmacists Association (APhA) appreciates the opportunity to submit this statement for the record for the *“An Examination of How Reining in PBMs Will Drive Competition and Lower Costs for Patients”* hearing. APhA supports the urgent need for Congress to pass meaningful pharmacy benefit manager (PBM) reforms and applauds your leadership in addressing this critical issue.

To support this Committee’s efforts, this week, APhA is relaunching our [“End PBM Harmful Practices Now,”](#) campaign where close to 5,000 of our nation's pharmacists from across the country previously contacted their members of Congress to pass PBM reforms to keep local pharmacy doors open to serve their communities.

APhA is the largest association of pharmacists in the United States advancing the entire pharmacy profession. APhA represents pharmacists and pharmacy personnel in all practice settings, including community pharmacies, hospitals, long-term care facilities, specialty pharmacies, community health centers, physician offices, ambulatory clinics, managed care organizations, hospice settings, and government facilities. Our members strive to improve medication use, advance patient care, and enhance public health.

APhA is appreciative of the Committee’s efforts to address the role PBMs have on the rising costs of prescription drugs and its unsustainable impact on pharmacies, pharmacists, and our patients. Furthermore, we are happy to congratulate pharmacist, and Health Subcommittee Chair Carter and full Committee Chair Guthrie for their years of leadership on these issues, as well as many other members of the Subcommittee and full committee, including pharmacist Rep. Diana Harshbarger. We are also pleased that Mr. Hugh Chancy, RPh, a member of APhA, is on the panel for this hearing. We have no doubt that Mr. Chancy will provide in-depth insight and knowledge into this proceeding.

APhA expresses our gratitude for the many bipartisan efforts Congress has made in the past to reform the operations and harmful business practices of PBMs. This hearing illustrates that effort. APhA believes that addressing PBM reform will begin to transition towards achieving a health care system that prioritizes patient well-being, promotes competition, ensures fair pricing, increases access to essential medications, and ultimately reduces the costs of prescription drugs.

APhA appreciates the efforts the Committee has engaged in to address PBM reform, including last year's passage in the House of the "Lower Cost, More Transparency Act," and we were disappointed that it did not become law. As you are aware, that bill would have addressed several provisions supported by our nation's pharmacists and our patients, such as the ban on spread pricing in Medicaid managed care programs, which occurs when the PBM charges the states more than they pay the pharmacy for the medication and then keeps the difference as profit rather than using it to reduce patients' prescription drug costs.

As we move forward with PBM reform legislation, APhA would like to see the Committee address the lack of transparency PBMs have engaged in that has created an environment of anti-competitive and deceptive business practices that harm patients and pass on hidden costs to pharmacies, plan sponsors, and employers, which often increases the costs of prescription drugs for American families.

Specifically, APhA urges the Committee to prioritize the following bipartisan, bicameral PBM reforms that were removed from last year's end-of-year health care package:

- **Enacting PBM reform in Medicare and Medicaid:** The Congressional Budget Office has estimated that these provisions, alongside additional PBM reforms, could save U.S. taxpayers nearly \$4 billion. These reforms are essential to curbing PBM-driven prescription drug cost inflation, preventing pharmacy closures, and protecting patients' access to their preferred pharmacies.

APhA strongly encourages Congress to pass the following provisions from the most recent healthcare package as part of the March 14th funding package or another legislative vehicle:

- Sec. 112. Requiring a survey of retail community pharmacy drug prices to establish benchmarks for fair Medicaid reimbursement, with implementation within six months of enactment.
- Sec. 113. Banning PBM spread pricing in Medicaid-managed care, which has unfairly profited PBMs at the expense of states and patients, effective mid-2026.

- Sec. 226. Ensuring pharmacy access and choice for Medicare beneficiaries by enforcing reasonable and transparent Part D contract terms and establishing an "any willing pharmacy" participation standard, beginning January 1, 2028.

While the PBM reforms scheduled to take effect in 2026 and 2028 would be critical steps forward, our pharmacists and patients need help now. Without immediate action in 2025, many pharmacies will be forced to close—leaving seniors without access to the pharmacist-provided preventive care they rely on.

Data submitted and compiled in an interim report by the [Federal Trade Commission](#) (FTC), states (mainly Medicaid programs), and commercial markets have clearly shown that PBMs:

- artificially inflate the cost of drugs without fully reimbursing pharmacies for the drugs they dispense.
- increase purchasers' and patients' drug prices through price discrimination.
- use "list prices" that do not reflect the final cost of drugs.
- force harmful retroactive direct and indirect fees and other "clawback" mechanisms on pharmacies, forcing smaller and independent pharmacies to close.

A [second interim report](#) from the FTC found that the larger PBMs, which control nearly 80% of the PBM market, imposed markups of hundreds and thousands of percent on numerous specialty generic drugs dispensed at their affiliated pharmacies—including drugs used to treat cancer, HIV, and other serious diseases and conditions." The Big 3 PBMs also reimbursed their affiliated pharmacies at a higher rate than they paid unaffiliated pharmacies on nearly every specialty generic drug examined.

The above examples are indicative of the problems PBMs create when they are unregulated and unmonitored. PBMs are often incentivized to engage in deceptive practices that steer patients away from lower-cost medicines, such as biosimilars or generics, which ultimately results in higher costs to the patient and increased drug prices. Another consequence of these harmful business practices is the [closure of pharmacies across the country](#), which cannot afford to operate under the current underwater reimbursement model by which the PBM system exists. Pharmacies are often forced to close their doors when reimbursed below the acquisition costs of the medications they dispense or must deal with clawbacks through the PBMs, where they are forced to pay more than it costs to acquire the medication from the wholesaler and dispense it to maintain patients' access to their trusted community pharmacists. Over the last four years, more than 2,200 community pharmacies have closed, including over 300 independent pharmacies in 2023 alone. Because many Americans are closer to a pharmacy than any other primary care or health care provider, the closure of pharmacies creates a real patient access issue, creating pharmacy deserts, especially in rural or underserved areas that often need access to health care services. This trend is unsustainable and will result in many more pharmacies shutting their doors, thus limiting patient access to critical care.

Thank you for the opportunity to comment on this very important hearing. APhA is committed to assisting with this issue and working with the Committee to find meaningful solutions to enact PBM reforms necessary to safeguard community pharmacies and ensure patient access to essential care—especially in the rural and underserved areas that need it most. If you have any additional questions or would like to arrange meetings with community pharmacies in your congressional districts to discuss the impact of harmful PBM business practices on local communities, please contact Doug Huynh, JD, APhA Director of Congressional Affairs, at dhuyh@aphanet.org.

Sincerely,

A handwritten signature in black ink that reads "Michael Baxter". The script is cursive and fluid, with the first letters of each word being capitalized and slightly larger than the rest of the letters.

Michael Baxter
Vice President, Federal Government Affairs