



AIDS Healthcare Foundation
517 C Street, NE
Washington, D.C. 20002
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February 13, 2023

The Honorable Maria Cantwell
U.S. Senate
Washington, D.C. 20510

The Honorable Charles Grassley
U.S. Senate
Washington, D.C. 20510

Re: S. 113 and S. 127 – SUPPORT

Dear Senators Cantwell and Grassley:

AIDS Healthcare Foundation (AHF) supports your legislative efforts to reign in pharmacy benefit manager (PBM) practices that harm patients. AHF previously corresponded with the Federal Trade Commission (FTC) on the troubling effects of vertical integration in the healthcare industry. Language in the *Prescription Pricing for the People Act (S. 113)* and the *Pharmacy Benefit Transparency Act of 2023 (S. 127)* acknowledges the importance of FTC enforcement. Mega firm mergers between health insurers and PBMs led to the current anticompetitive market detrimental to health outcomes. Your two bills encourage transparency that will better allow nonprofit providers, such as AHF, to care for patients without market distorting interference by PBMs.

S. 113 will uncover countless abuses in the PBM industry. *S. 113* directs the FTC to address specific issues that have already harmed people living with HIV/AIDS. AHF welcomes FTC oversight that will address patient steering that forces patients away from AHF pharmacies so PBMs can increase profits. The bill also enlists the FTC to address a long-standing issue raised by AHF, drug dispensing reimbursement rates. PBMs provide preferential rates to their pharmacies. To squeeze out competition, PBMs then force below-cost reimbursement contracts on independent pharmacies. AHF understands *S. 113* offers the best means to eliminate practices that foreclose opportunities for healthcare nonprofits to provide life-saving medicines to the medically underserved.

AHF applauds *S. 127* for making multiple PBM anticompetitive practices unlawful. For too long, PBMs have been able to put profits over people without consequence. The bill bans opaque spread pricing schemes that PBMs use to exploit 340B prices afforded to healthcare nonprofits. The end of the practice means PBMs can no longer capture the drug discount savings

entitled to nonprofits. *S. 127* also prohibits direct and indirect remuneration (DIR) fees. PBMs use such arbitrary claw back penalties as revenue generators. The bad faith performance metrics in these fees put impossible standards on healthcare providers. AHF welcomes the end to contract terms that steal from its operating budget.

AHF encourages the passage of both bills to forestall further healthcare industry consolidation and prevent anticompetitive PBM practices. AHF thanks the combined efforts of Senator Cantwell and Senator Grassley for proposing solutions to PBM misdeeds.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Hassell", with a stylized flourish at the end.

John D. Hassell
National Director of Advocacy