

March 14, 2023

The Honorable Lindsey Daugherty  
Chair, House Committee on Health and Insurance  
200 E. Colfax, Room 307  
Denver, CO 80203

Dear Chair Daugherty and Members of the Committee,

I am writing to you today on behalf of the National Community Pharmacists Association (NCPA) in support of HB 23-1277, which would strengthen oversight and enforcement of laws pertaining to pharmacy benefit management companies (PBMs).

NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and 123 independent community pharmacies in Colorado. These pharmacies employed more than 1,500 residents and they filled approximately 7.75 million prescriptions in 2021, generating more than \$327 million in sales.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

Given the above concerns, NCPA applauds the bill's focus on enforcement. As you may know, copious state PBM legislation has been enacted around the country only to be circumvented and, in some cases, ignored altogether without fear of penalty. To these ends, we strongly support the provisions enabling the Commissioner of Insurance to collect fees for the wide-ranging offenses PBM perpetrate on community pharmacies.

NCPA supports the creation of a Division of Insurance Cash Fund as a vehicle for collecting registration fees and penalty fees to fund the Division's implementation needs. We have found it necessary in other states that resources be available to develop PBM-specific expertise for the enforcement of laws and regulations.

<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

<sup>1</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

In conclusion, HB 23-1277 is a sensible enhancement to state laws governing PBMs that have, to this point, not realized their desired objectives. We thank prime sponsors Representative Jodeh, Representative Ortiz, and Senator Will for their leadership on this important legislation. If you have any questions, please do not hesitate to contact me at [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org).

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style and is centered within a light gray rectangular box.

Joel Kurzman  
Director, State Government Affairs