

March 12, 2024

The Honorable Natalie Manley
Vice-Chair, House Health Care Availability and Accessibility Committee
300 Capitol Building
Springfield, Illinois 62706

Dear Vice-Chair Manley and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support HB 4548, legislation to help control drug costs in Illinois, provide transparency for patients and employers regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

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 approximately 415 independent community pharmacies in Illinois. These pharmacies employed more than 4,900 residents and they filled approximately 27.5 million prescriptions in 2022.

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 market¹, the three largest PBM's control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA supports HB 4548's prohibition of spread pricing because it will improve transparency. Spread pricing can end up costing plan sponsors millions of dollars in overcharges, as officials in Ohio, Kentucky, and other states have found after investigating the PBMs serving state-funded benefit plans.³ This critical transparency provision will ensure payers', employers', and patients' health care dollars are actually going towards their care, instead of into PBMs' pockets. If such transparent reimbursement methodologies were adopted nationwide, federal Medicaid spending would drop by almost \$1 billion over 10 years.⁴

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

² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

³ Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>. Kentucky Department for Medicaid Services, *Medicaid Pharmacy Pricing: Opening the Black Box* 5, 8 (Feb. 19, 2019) https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf

⁴ <https://www.finance.senate.gov/imo/media/doc/2020-03-13%20DPRA-SFC%20CBO%20Table.pdf>

Similarly, NCPA strongly supports using transparent cost-based pharmacy reimbursement methodologies as proposed in the bill. This is not a novel approach as both the states of West Virginia⁵ and Tennessee⁶ have enacted similar provisions. This transparent reimbursement approach will ensure that both the insured and plan sponsor know how their money will be spent. We support the proposal's use of transparent benchmarks such as the National Drug Average Acquisition Cost benchmark (NADAC), an objective, evidence-based drug pricing benchmark updated on a monthly basis. We similarly support use of a regularly updated dispensing fee based on pharmacies' cost to dispense using the Centers for Medicare and Medicaid Services (CMS)-approved figure, which is \$10.49 in the case of Illinois. In sum, anything less than cost-based reimbursement is asking small business pharmacy owners to subsidize the PBMs and payers, who are Fortune 10 companies.

HB 4548 also contains important provisions that protect patient choice, empowering patients to make their own healthcare decisions free from a PBM's conflict of interest. It is not uncommon for a PBM to require patients to utilize a PBM-owned or affiliated pharmacy, often a mail-order pharmacy. The PBM is then free to reimburse its pharmacy at higher rates, thereby forcing patients and plan sponsors to pay higher costs to the PBM. HB 4548 prohibits PBMs from steering a patient to a PBM-owned or affiliated pharmacy and prohibits the PBM from charging artificially higher rates. These commendable provisions ensure a patient can choose a pharmacy that is in the patient's best interest, not just what's in the PBM's best interest.

In closing, NCPA strongly supports HB 4548 and thanks Representatives Jones, Vella, and Halbrook for their leadership on the bill. Thank you for receiving our perspective. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style with a clear, legible font.

Joel Kurzman
Director, State Government Affairs

⁵ [West Virginia Code 33-51-9 \(e\)](#)

⁶ [Tennessee Code 56-7-3206 \(c\)\(1\) and \(f\)](#)