

March 13, 2024

The Honorable Jay Inslee
Governor, State of Washington
Office of the Governor
P.O. Box 40002
Olympia, WA 98504-0002

Dear Governor Inslee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of SB 5213, which, among its provisions, would provide choice and greater access to prescription drugs for patients and employers and establish greater oversight of the pharmacy benefit managers (PBMs) that administer drug benefits. We are urging you to sign the bill into law in its totality.

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 200 independent community pharmacies in Washington. These pharmacies employed nearly 2,400 residents and they filled over 13.2 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.

SB 5213 contains important provisions in Section 7 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. As just one of many examples, a Florida report found PBMs steer patients to PBM-affiliated pharmacies, and "when it comes to dispensing brand name drugs, MCO/PBM-affiliated pharmacies are making 18x to 109x more profit over the cost of the drugs than the typical community pharmacy."³ SB 5213 prohibits PBMs from steering a patient to a PBM-owned or affiliated pharmacy, preventing the PBM from charging artificially higher rates. These provisions ensure a patient can choose a pharmacy that's in the patient's best interest, not just what's in the PBM's best interest.

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 <https://static1.squarespace.com/static/5c326d5596e76f58ee234632/t/5e384f26fc490b221da7ced1/1580748598035/FL+Master+Final+Download.pdf>

NCPA also supports the bill's language to prevent retaliation by PBMs. Pharmacists who speak out oftentimes experience retaliation measures from PBMs that can include an exponential increase in audits, refusal to access future contracts and removal from preferred provider networks, among other punishments. For a marketplace to be free and healthy, there must be competition and transparency. PBMs are fighting against both. SB 5213 wisely addresses aspects of these despicable anti-competitive business practices.

NCPA also supports the bill's attention to PBM oversight through the Office of the Insurance Commissioner. As you may know, many other states have legislated on PBMs without adequate oversight and enforcement, leading to the need to revisit issues thought to be settled. SB 5213 facilitates the Commissioner to engage and resolve complaints, a critical element of oversight authority.

We urge you to sign this important patient-friendly legislation into law. We wish to thank Senator Kuderer for her leadership on the bill. 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 and is positioned above a light gray rectangular background.

Joel Kurzman
Director, State Government Affairs