

March 26, 2024

The Honorable Brad Little
Governor, State of Idaho
P.O. Box 83720
Boise, Idaho 83720

RE: Please support and sign H596aaS

Dear Governor Little:

I am writing to you today on behalf of the National Community Pharmacists Association in support of H596aaS, which would help control drug costs in Idaho, provide greater protections for patients 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 21,000 independent community pharmacies across the United States and approximately 98 independent community pharmacies in Idaho. These pharmacies employed about 700 Idaho residents, and they filled more than 6.4 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. H596aaS would put a stop to some of those opaque practices that are threatening patient access to community pharmacy services and raising costs for patients and plan sponsors.

H596aaS's prohibition of spread pricing will improve transparency and save money. 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' and patients' health care dollars are actually going towards their care, instead of into PBMs' pockets.

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.

H596aaS also contains important network adequacy provisions that protect patient access, 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. H596aaS prohibits PBMs from steering a patient to a PBM-owned or affiliated pharmacy, preventing the PBM from charging artificially higher rates. These provisions help 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.

In conclusion, H596aaS would protect patients and pharmacies by curtailing costly, opaque PBM practices. To protect patient access to vital pharmacy services, I respectfully ask you to support the bill. If you have any questions, please do not hesitate to contact me at joel.kurzman@ncpa.org or (703) 600-1186.

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

CC:

Zach Hauge, Chief of Staff via zach.hauge@gov.idaho.gov

Sara Stover, Policy Staff via sara.stover@gov.idaho.gov