

## U.S. Senator Maria Cantwell

### Pharmacy Benefit Manager Press Event

**Speakers: State Representative My-Linh Thai; Ryan Oftebro (CEO of Kelley-Ross); Representative Kim Schrier; Jenny Arnold (CEO of Washington State Pharmacy Association)**

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[\[VIDEO\]](#)

**Dr. Arnold:** I want to thank Senator Cantwell for her leadership and introducing and supporting the Pharmacy Benefit Manager Transparency Act of 2022. We just concluded an excellent roundtable discussion of patient representatives, as well as pharmacists talking about the importance of introducing regulations on Pharmacy Benefit Managers.

Pharmacy Benefit Managers are the goliaths of healthcare. They own the pharmacies, the specialty pharmacies, mail order pharmacies. They own health clinics, as well as the health carriers. They have lost track of what they were designed to do and instead of designing formularies that optimize patient outcomes, they have gotten to the point where they are just optimizing shareholder profits. And they need regulation to be introduced to really get back to basics and to optimize patient outcomes.

And so it's my pleasure to introduce some of the individuals who are present and discussing these issues during our roundtable and the first one I want to introduce is Representative My-Linh Thai, also a pharmacist. Thank you.

**State Representative Thai:** Thank you, Jenny. Good morning. My name is My-Linh Thai, State Representative for the 41st Legislative District. And it is absolutely my honor to be here in this press conference and really supporting the leadership of Senator Cantwell introducing this important legislation.

I really wanted to speak to one area of patient care that we have all discussed and during our press conference is specifically regarding the health disparity in our system as a whole. This particular practice from Pharmacy Benefit Managers, when comes to dictating the price of medication, dictating how medication would get to patients, and which kind of medication would be accessible to patients. The group or community that's most impacted continues to be the marginalized community. People of color communities and communities who live in rural areas where pharmacies, whether it's independent or corporate pharmacies, are far and few in between.

The importance of having patient and pharmacist relationships is critically important, because we as pharmacists continue to be that last line of informing patients what's important for them and continuing to monitor their safety when it comes to pharmaceutical products.

So, standing here as a State Representative who cares deeply about our healthcare system, I wanted to make sure that we continue this line of work in collaboration between state and federal. With really the focus on patient safety and ensuring that our healthcare delivery system continues to be patient centered and appropriate. With that, it is my absolute pleasure to introduce Dr. Ryan Oftebro.

**Dr. Oftebro:** Thank you, Representative Thai, my name is Ryan Oftebro. I'm a pharmacist and I'm the CEO at Kelly Ross Pharmacy Group in Seattle. I'm also the President of the Washington State Pharmacy Association and I've just been so grateful to be a part of this discussion today.

PBM business practices represent a real threat to patient access to care. We serve patients in Seattle, we serve some of Seattle's most vulnerable through organizations like Bailey-Boushay House, the Uptown Emergency Services Center, and folks here at Gay City Seattle LGBTQ clinic. What we see happening on a daily basis is that PBMs, through their business practices, are creating barriers to care and access by making medications more expensive than they should be. We see seniors that are paying exorbitantly more out of pocket for generic medications than they need to, with that money going directly back to the PBMs. It's impacting pharmacies' ability to remain viable in serving our communities.

So, I'm very grateful for the support on this bill from Senator Cantwell and Congresswoman Schrier. With that I'd like to introduce our next speaker, Congresswoman Schrier.

**Representative Schrier:** Well thank you, to all of you. I'll start with Dr. Oftebro thank you. Dr. Arnold thank you. Thank you Senator Cantwell. And Dr. Representative Thai, thank you for welcoming us to the Kelly Ross pharmacy.

We had just such an interesting discussion in the other room with pharmacists, patient advocates talking about the high cost of prescription drugs. This is something that's been on my mind for a long time, as many of you know, because I have type one diabetes, and I've seen the cost of insulin skyrocket from about \$40 a bottle up to now north of \$300 a bottle for no reason and with a medicine that costs about \$10 to produce.

This is a manipulated market and we're all here today to discuss various ways to bring down costs for consumers because nobody should have to choose between paying for their medication and putting food on the table.

You know, I am so excited to be working with my colleague, Senator Cantwell to rein in the power of PBMs, these Pharmacy Benefit Managers, and I want to just paint a picture of how convoluted this whole system is.

They were initially there to negotiate better costs for consumers, but what has happened is that they get compensated or paid based on a percentage of the cost of the medication they negotiate. So every incentive that is there is a perverse incentive to actually raise the cost of the medication. Which is part of the reason we are seeing that sticker price, the retail price, go up so high because they make more money doing it that way. And patients suffer, and pharmacists suffer, and it is escalating the cost of health care in general. They're middlemen who are doing significant damage to our society.

I've done other things to bring down the cost of health care. In the House of Representatives we've passed bills to allow Medicare to negotiate the cost of prescription drugs. I have a bill that passed, and it was signed into law, to speed the path for generic insulin. We have passed legislation to cap costs for seniors. But what is missing here is Senator Cantwell's bill, which really directly targets these Pharmacy Benefit Managers that are manipulating prices and hurting consumers. I look forward to working together. Thank you very much, Senator Maria Cantwell.

**Senator Cantwell:** Thank you. Well, I want to thank Congresswoman Schrier for being here today and for her advocacy on behalf of healthcare for Washingtonians in general. And we're lucky that we have someone who understands this issue, both from a personal and professional perspective. And I hope that she will be able to help us on this legislation.

I want to thank the LGBTQ center for allowing us to be here at your pharmacy today and I want to thank all the participants in the roundtable and those that are here trying to advocate on behalf of this legislation.

We're here to say that legislation introduced in a bipartisan fashion in the United States Senate by myself and Senator Grassley from Iowa, is important legislation that could help hold down the cost to many consumers on what they're paying on drug pricing.

Everybody knows that drug pricing is way too high. What people don't understand is that someone who now controls about 80% of the market - three companies, are impacting that by using unfair and deceptive practices. These unfair and deceptive practices have been outlawed in some states that are saying that clawbacks and spread pricing are hurting our consumers. But that's only helped us address some of the problem in just one example, the Medicaid market.

We want to see a federal policeman on the beat in the Federal Trade Commission, whose job it is to call out unfair and deceptive practices. To stop this spread pricing and clawbacks by implementing the Cantwell-Grassley legislation as soon as possible. We plan on returning to Congress in just over a week to advocate that this bill, that is moved already through the Commerce Committee, be brought up on the Senate floor, passed as soon as possible and moved over to the House of Representatives.

The pharmacists that are here today who advocated on behalf of our delivery system have made it clear, they can't continue to exist or do business if these kinds of profit centers ended up controlling the marketplace that is giving them a take it or leave it price, after they have pocketed the big discount themselves, the companies.

We've also heard about the story [of] how it's affecting consumers, not just on insulin pricing, but those who are the most vulnerable in our society the least able to understand what's happening, and literally are being forced into paying \$140 co-pays for something that they really shouldn't have to be paying that price for.

So it's also impacting our senior population. It's impacting them because there is no protection on the Medicare market to make sure that these PBMs aren't again, just profiting from all of the discounts. So Pharmacy Benefit Managers who basically negotiate big discounts, but keep all the discounts or most of the discounts, are not helping us lower drug pricing. That is why we're asking to have a policeman on the beat at the Federal Trade Commission whose job it is to look at unfair and deceptive practices, and follow what states have done and say that these two practices are unlawful and deceptive.

We believe if there's transparency in the drug market, that people will understand how the price is being set. The fact that 80% of the market is controlled by three PBMs make these pharmacists unable to help on even things like generic pricing. They know that they could set a generic price for, or they could deliver and dispense a generic price, but they too get squeezed by the Pharmacy Benefit Manager who says no, you can't do that I'm not going to reimburse you, you only can have this drug.

So it's too much concentration of power, not enough transparency, and not enough policemen on the beat calling out unfair and deceptive practices. Passing this legislation will give us the tools to rein in those unfair and deceptive practices and bring the bright light of day into this market. And consumers can have a fair price and a fair market operation.

So I want to thank everybody for being here today and we'll be happy to answer any questions.

**Reporter:** A point of clarification. Right now, is this just affecting the Medicaid market or is it Medicaid and Medicare?

**Senator Cantwell:** It would, the bill would affect all markets. I was pointing out that some states and some Attorney Generals have taken action against some of these practices in their own individual states, but because the state only can affect the Medicaid market that they deliver on, it's just narrow, it doesn't help us overall. And so I'm pointing out that lots of Attorney General's and states have already called out these practices as unfair and deceptive.

**Reporter:** Are their actions effective or is it going to require some sort of federal law?

**Senator Cantwell:** Well, I think I would let a pharmacist answer that question, or maybe Jenny wants to take it. But, you know, the Medicaid market and I think it's only about 20 states who've said, spread pricing is a problem and so many that have said claw backs are a problem. But they're signaling to us that people get it, that these are unfair and deceptive practices. But it's just so narrow of an impact. It's not going to help us until we have all healthcare considered under a more transparent market.

**Dr. Arnold:** Yeah, currently, the state self-funded or self-insured plans of health plans are excluded because they are regulated under ERISA and federal law. Medicaid is handled differently, Medicare plans that again also requires federal legislation. So then the impact of our laws that we've put in place in Washington have very limited impacts because it only impacts the plans that are regulated within the state which is a very small percentage of commercial plans, and Medicaid if that is pulled in.