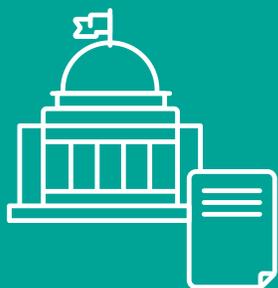


Pharmacy Benefit Manager (PBM) Reform

As the cost of prescription drugs remains a key focus for state legislatures, we expect continued engagement on pharmacy benefit managers (PBM) reform.

The role of the PBM in healthcare markets is to establish pharmaceutical networks and adjudicate pharmaceutical claims. PBMs serve as middlemen for plans between pharmaceutical manufacturers and retailers. By creating networks of multiple pharmacies, PBMs leverage their size to negotiate contracts between drug manufacturers and retail outlets. In recent years, numerous states and Congress have introduced legislation to reform PBM practices.



Since 2017, the National Conference of State Legislatures indicates approximately 1,000 PBM reform bills have been introduced at the state legislative level. These bills typically focus on:

Cost Disclosure/
Gag-clause

Fiduciary Responsibility

Maximum Allowable
Cost (MAC)
Transparency

Network Adequacy

Patient Steering

Pharmacy Audit

Claw-back Prohibition

Registration/Licensure

Reporting/Transparency

Spread Pricing

Utilization Management