

February 5, 2024

RE: HB1041 - PBM Share the Savings (STS) Legislation

Dear Chair Maldonado and Members of the House Labor and Commerce Subcommittee #1,

On behalf of over 3 million Virginians living with chronic conditions, we are writing to thank you for considering HB1041, an essential bill to lower prescription costs for patients by requiring that Pharmacy Benefit Managers (PBMs) share negotiated rebates with patients at the pharmacy counter. Addressing the many barriers to care that PBMs create and how they impact our most vulnerable neighbors is a noble and necessary effort, and we respectfully ask for your support on HB1041.

Across the board, pharmaceutical rebates for branded drugs average 48%¹ meaning vulnerable citizens are paying nearly twice the price for their lifesaving and life-sustaining medications than their insurance company pays for the same drug. This, despite the fact that these consumers have paid a premium for access to the insurance plan.

The rebates are being kept by the PBMs, who negotiate drug prices and take a cut of each transaction, and insurers themselves who keep the lion's share. Insurers will claim that they are retaining the rebates to keep premiums lower for everyone, but an actuarial study estimates that the increase in premiums would be less than 1% overall². Our most vulnerable populations living with chronic conditions are forced to overpay for their medications, oftentimes leading to rationing resulting in poor health outcomes or more tragic consequences, costing everyone more in both dollars and human suffering.

Please let us know how we may be helpful to the committee as you consider HB1041. We would be honored to answer any questions you may have.

We have dedicated our missions to understanding and fighting for the needs of patients, and we hope that our collective voice and plea for assistance will help to drive a favorable decision on HB1041. Please vote "yes" on this essential piece of legislation and prioritize patients over profits, thereby improving the lives of Virginians.

Sincerely,



1. National Bureau of Economic Research working paper 28439 <https://www.nber.org/papers/w28439>
2. Measuring the Impact of Point of Sale Rebates on the Commercial Health Insurance Market, Milliman Report, Klein and Petroske, January 2022 <https://us.milliman.com/en/insight/measuring-impact-point-of-sale-rebates-commercial-health-insurance-market-january-2022>