



The Honorable Chairperson, Michael J. Webert
Commerce and Energy Committee, Subcommittee #2
Virginia General Assembly

January 27, 2023

Re: Support for Virginia HB 1782

Dear Chairperson Webert and members of the Virginia Commerce and Energy Committee Subcommittee #2:

On behalf of the Alliance for Transparent and Affordable Prescriptions (ATAP), a coalition of twenty-four patient and provider groups, including the Virginia Society of Rheumatology, I am writing to express our support for **Virginia HB 1782** and ask that the Virginia Commerce and Energy Committee advance this legislation. **HB 1782** seeks to ensure that patients do not pay inflated costs for their prescriptions by increasing transparency and accountability for Pharmacy Benefit Managers (PBMs).

ATAP is concerned about the role PBMs play regarding the alarming price increases in the total cost and out-of-pocket costs of prescription drugs for patients, resulting in the loss of patient access to affordable and life-saving medications. As you may be aware, PBMs are third-party entities that are hired by insurers and health plan sponsors to manage and administer prescription drug benefit plans. Using their intermediary position, Pharmacy Benefit Managers (PBMs):

- Negotiate rebates and discounts with pharmaceutical manufactures in exchange for including the manufacturer's drug on the PBMs tiered formulary.
- Determine which patient medication the PBM will cover and how much the patient will pay for their medication per the tiered formularies.
- Negotiate rebates and discounts for medications, meant to drive down the cost of medications for patients, which are pocketed by the PBMs within opaque contracts.
- Prohibit pharmacists from informing patients that the copayment amount for their medications may be higher than paying the retail ("cash") price for their medication.

HB 1782 seeks to remedy these practices by requiring that patient cost sharing amounts are reduced at the point of sale by an amount equal to at least 80 percent of rebates received or to be received, in connection with the patient's use of the prescription drug. This reform is an important effort to contain drug prices and discourage abuses by PBMs. ATAP would also encourage the committee to amend the language to require 100 percent of rebates to be passed through—which would ensure patients are better able to afford their prescription medications at the pharmacy counter.

ATAP is happy to be a resource as the subcommittee considers **HB 1782**. If you have any questions about our position, or if you would simply like to learn more about how PBMs operate in the marketplace, please contact: Eleni Valanos at evalanos@hhs.com.

Sincerely,
Robert W. Levin, MD
President, Alliance for Transparent and Affordable Prescriptions (ATAP)