

The Honorable Chairperson, Michael J. Webert  
Commerce and Energy Committee, Subcommittee #2  
House Committee Room  
Pocahontas Building

January 25, 2023

**Re: Support for Virginia HB 1782 (submitted electronically)**

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

On behalf of the Association of Women in Rheumatology (AWIR), our rheumatology members across the country, including members from our local Virginia chapter, I am writing in full support of House Bill 1782 (Health insurance; ensuring fairness in cost-sharing).

AWIR is dedicated to promoting the science and practice of Rheumatology, fostering the advancement and education of women in Rheumatology, and advocating access to the highest quality health care, and management of patients with Rheumatic diseases.

Our members treat patients that often require specialty medications that can be hard to access and financially afford. One of the main reasons for this struggle is that patients are paying an inflated price for their specialty medications. Pharmacy benefit managers (PBMs) negotiate with manufacturers to provide rebates or discounts from the list price of a medication in exchange for placement on a PBM or health plan's formulary.

The list price of the drug is what the patient is paying for their medication, not the rebated price that the PBM or health plan paid for the drug. What is hidden from public view is higher price drugs bringing in higher profits for PBMs through the accumulation of rebates.

According to UnitedHealth Group's 2022 second quarter earnings report, "revenues of \$80.3 billion grew 13% Year-Over-Year, with double-digit growth at both Optum (UH PBM) and UnitedHealthcare (UH insurance)."<sup>1</sup> This increase is staggeringly high compared to majority of pharmaceutical manufacturers.

There is a reason why the Federal Trade Commission (FTC) commissioned an investigation into PBM practices last summer. Specifically, the FTC "announced that it will ramp up enforcement against any illegal bribes and rebate schemes that block patients' access to competing lower-cost drugs."<sup>2</sup>

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<sup>1</sup> <https://www.sec.gov/Archives/edgar/data/731766/000073176622000033/a2022q2exhibit991.htm#:~:text=UnitedHealth%20Group's%20second%20quarter%202022,at%20both%20Optum%20and%20UnitedHealthcare.&text=second%20quarter%202022%20earnings%20from,contributions%20from%20across%20the%20enterprise.>

<sup>2</sup> <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-launches-inquiry-prescription-drug-middlemen-industry>

HB 1782 would provide patients with the rebate benefit by requiring a minimum of 80% (we support 100%) of rebates and discounts to be passed through to patients at the point of sale. This would increase access and affordability for patients struggling to afford expensive medications.

Again, we request full support for House Bill 1782 and thank you for your willingness to consider this critical legislation for Virginia patients struggling to pay for their medications.

Respectfully,

Gwenesta Melton, MD  
Vice President  
AWIR

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Advocacy Co-Chair  
AWIR

Kristi Mizelle, MD  
Virginia Local Chapter Leader  
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