

## Summary of The Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act

Pharmacy Benefit Managers (PBMs) play a crucial role in establishing the ultimate price of prescription drugs paid by consumers. Generally speaking, health plans contract with PBMs to negotiate rebates or discounts with pharmaceutical manufacturers on behalf of their insurer clients; however, the financial arrangement between the PBMs and the health plans are often unknown. The consumer has no way of knowing the extent to which PBMs or plans passed on the savings to the people who need this medicine.

This legislation would shine a light into this opaque world by requiring public disclosure of the total amount of rebates provided by manufactures to PBMs and the proportion of those rebates that are passed on to health plans.

Specifically, this legislation:

- Requires greater transparency of rebates and discounts negotiated by the PBM as well as the proportion of these rebates and discounts passed on to the health plan.
- Requires greater transparency of a common PBM practice known as “spread pricing” – which is the difference in payments made to pharmacies by PBMs compared to payments received by PBMs made by health plans.
- Requires this information (aggregated by PBM) to be posted on CMS’s website, allowing consumers and employers to decide whether PBMs’ are delivering on their promise of bringing down the cost of prescription drugs.
- Establishes, after two years of public reporting, a minimum percentage of rebates and discounts that must be passed on from a PBM to a health plan, which will lower premiums or other cost-sharing amounts paid by patients.
- Requires cost-sharing for Part D enrollees to be based off the negotiated price of the drug as agreed to by the drug manufacturer and PBM (or an approximate negotiated price if the actual negotiated price is unknown at the time the drug is dispensed) so that Part D enrollees to fully benefit from discounts and rebates provided by drug manufactures. Cost-sharing for prescription drugs in Part D is often based off a higher price than the price negotiated by the PBM and the drug manufacturer. Specifically, cost-sharing (e.g. 20% co-insurance) is based off the price the pharmacy acquires the drug, meaning Part D enrollees pay cost-sharing based off a higher price than the price the Part D plan pays to purchase the drug.
  - Example: a drug maker sets a drugs price at \$100. Under current law, Part D beneficiaries pay co-insurance based on the \$100 price, not the lower price, say, \$80, that a PBM negotiates with a drug maker. Seniors in Medicare ought to benefit from these negotiations.