



July 25, 2023

RE: *Modernizing and Ensuring PBM Accountability Act*

Dear Chairman Wyden and Ranking Member Crapo:

The [Alliance for Transparent and Affordable Prescriptions](#) is a coalition of patient and provider organizations functioning at both the state and national level who have joined together to address pharmacy benefit managers (PBMs) and their impact on prescription drug costs and patient access to affordable treatment. **We write to express our support for the *Modernizing and Ensuring PBM Accountability Act*, in particular for the delinking provision in section 2.**

The delinking provision would prohibit PBMs participating in Part D from deriving any income based on the list price of a drug. Instead, PBMs would be required to accept flat-dollar service fees reflecting fair market value. This provision would address a major market distortion in our current drug pricing system, which is that drugs with high list prices provide more income potential for PBMs. The data support the existence of this distortion: according to [research](#) from the University of Southern California, “a \$1 increase in rebates is associated with a \$1.17 increase in list price.”

Predictably, this perverse incentive leads to terrible results, such as [a \\$10,000 prostate cancer drug being preferred on formulary](#) while its \$450 generic is not covered at all. Patients whose out-of-pocket costs are assessed against list prices are left holding the bag. By severing the link between prices and PBM income in Medicare Part D, the *Modernizing and Ensuring PBM Accountability Act* would correct this fundamental underlying distortion that is directly contributing to market failure. Flat fee compensation and additional transparency will modernize prescription drug coverage in Medicare and improve stewardship of the program on behalf of its beneficiaries. Another reform that we hope the Committee will consider is a requirement that price concessions be passed through directly to the patient in the form of reduced out-of-pocket costs.

Thank you for leading this important reform. Please let us know if there is anything we can to help ensure its enactment.

Sincerely,

Robert W. Levin, MD
President
Alliance for Transparent and Affordable Prescription