



**PCMA State Budget Testimony
2025 Health/Medicaid Joint Legislative Hearing
Senate Finance and Assembly Ways & Means Committees**

February 11th, 2025

Chairwoman Krueger, Chairman Pretlow, Health Committee Chairs Rivera and Paulin, and Committee Members. I am Heather Cascone, the Senior Vice President of State Affairs for the Pharmaceutical Care Management Association (PCMA) of New York. PCMA is the national trade association representing America's pharmacy benefit managers (PBMs).

PBMs administer prescription drug plans for more than 275 million insured Americans. In New York State we administer prescription drug plans not just on behalf of health plans, but for hundreds of self-funded unions, school boards, municipalities, and employers across this State. These are entities in your communities, with limited budgets, who depend on PBMs to manage their drug benefits and their cost. Our member's ability to perform PBM services effectively have real life implications for them, their members, and their families.

PBMs are on the frontlines working to maintain access and affordability. PBMs help reduce the cost of drugs by encouraging the use of generics and affordable brand medications; reducing waste and increasing medication adherence; negotiating discounts; and managing high-cost specialty medications. PBM tools like formulary management, and policies that promote lower cost, yet equally effective therapies over more expensive ones are relied upon by employers and millions of New Yorkers to mitigate the high cost of prescription drugs.

PHARMACY BENEFIT MANAGER REPORTING REQUIREMENTS

The Fiscal Year 2026 Executive Budget includes a proposal¹ to require all licensed PBMs to annually provide, by July 1 of each year: (1) detailed information regarding rebate contracts on

¹ S.3008/A.3008 – Transportation, Economic Development and Environmental Conservation Article VII, Part Z

their website for the preceding calendar year; and (2) provide a copy of the website disclosure to the Superintendent of Financial Services and the Department of Health (DOH).

The specific information required to be disclosed includes items such as:

- The aggregated dollar amounts of rebates, fees, and price protection payments that a PBM received from a drug manufacturer through a rebate contract;
- The amounts of such rebates, fees and payments passed on to health plans and/or retained by the PBM;
- The name of the drugs and the associated national drug codes covered by the rebate contract. For each drug: (i) a summary of the contract terms regarding formulary placement, formulary exclusion, prior authorization or step edits; (ii) a summary of all terms requiring or incentivizing volume or market share for each drug (including rebates, bundled rebates and incremental rebates); and (iii) the total number of prescriptions filled for which a rebate was received by the PBM for each drug;
- The rebate percentage and dollar amount retained by the PBM for every rebate, discount, price concession or other consideration under each rebate contract; and
- The dollar amount of any other compensation paid by a drug manufacturer to a PBM for services, including management services, data or data services, marketing services, research programs, or other ancillary services under each rebate contract.

While PCMA believes there should be transparency of all actors in the pharmaceutical supply chain (i.e., also including pharmaceutical manufacturers, wholesale distributors, pharmacy services administrative organizations (PSAOs), and pharmacies), in our view, much of the New York Legislature's rightful focus on consumers and drug prices has been misdirected by special interests. It is frankly unclear who this proposal seeks to benefit, especially given the extensive reporting requirements that have already been placed on PBMs since the licensing and registration law and accompanying regulations went into effect. In other words, there is little to no real experience regarding what value the data already being provided under new state laws for required reporting have for either DFS or consumers. The additional required reporting being proposed is an anti-employee benefit pile on, serves no present purpose to DFS, and offers no current consumer protection.

These newly proposed requirements are duplicative and onerous and won't be informative to consumers. The Superintendent already has authority in Insurance Law section 2904 to require

PBMs to report on (emphasis added) “*any* pricing discounts, rebates of any kind, inflationary payments, credits, clawbacks, fees, grants, chargebacks, reimbursements, other financial or other reimbursements, incentives, inducements, refunds or other benefits received by the pharmacy benefit manager,” as well as on the “terms and conditions of *any* contract or arrangement, including other financial or other reimbursements incentives, inducements or refunds between the pharmacy benefit manager and any other party relating to pharmacy benefit management services provided to a health plan including but not limited to, dispensing fees paid to pharmacies.” The law further allows the Superintendent to levy civil penalties for failure to comply with these requirements.

In addition, the existing reporting requirements in Insurance Law are deemed to be confidential and not subject to disclosure, except when it is determined by the Superintendent that such disclosure is in the public interest. These confidentiality provisions are not extended to the proposed language included in the Executive Budget. This is of particular concern since posting this information would provide pharmaceutical manufacturers and others in the pharmacy space visibility into rebates currently offered. By providing manufacturers with the detailed information contemplated in this proposal, including information regarding the aggregate amount of rebates a PBM receives, manufacturers will be placed in a much stronger negotiating position, faced with little incentive to continue to negotiate higher rebates or decrease the overall cost of drugs. If PBMs are no longer able to leverage higher rebates, their members, like unions and school boards, will be faced with higher prescription drug costs, resulting in increased premiums for New Yorkers across the State.

As noted, PCMA has always been supportive of transparency, but that transparency should be applicable across the board. Releasing this information is not in the public’s best interest and won’t lead to consumer transparency or reduced drug costs. Instead, it will lead to even higher drug prices in New York State due to the unfair advantage that it would provide to manufacturers.