

Prepared Statement by U.S. Senator Chuck Grassley (R-Iowa)
Senate Commerce Committee Hearing:
Bringing Transparency and Accountability to Pharmacy Benefit Managers
Thursday, February 16, 2023

Thank you for inviting me here today. I'm committed to working with you to lower prescription drug costs

I've hauled [Big Pharma](#) and [PBM executives](#) before the Finance Committee.

I've also partnered with Senator Wyden on a 2-year [investigation](#) into insulin price gouging. Our investigation found that the PBM scheme encourages drug makers to spike the drug's list price in order to offer a greater rebate, and in turn, secure priority placement on covered meds, at the expense of many patients.

In addition, I've [worked](#) on bipartisan reforms to lower prescription drugs. But there's more we can do.

Imagine a world where a cheaper product – yet equally effective – has a harder time selling. That's the prescription drug industry.

One of the primary reasons for this problem is pharmacy benefit managers.

[Recently](#), a biosimilar competitor to the high-cost Humira drug – entered the market. While its competitor offers a 55% discount to its list price, the competitor cannot access patients. Why? According to the [Wall Street Journal](#), "PBMs and health plans are expected to prefer the more expensive version to get the higher rebates."

You heard it correctly: PBMs are blocking a cheaper product. This mirrors what my insulin investigation found – now playing out with other drugs.

PBMs will claim they pass on savings to consumers or through lowering premiums, but their spread pricing and clawback tactics prove otherwise. When a PBM goes with a higher price product, consumers may pay more out of pocket before their deductible kicks in or through co-insurance.

Today, three PBMs control [80 percent](#) of the market. We must do something about powerful middlemen to lower drug costs for consumers.

In 2018, I [asked](#) the Federal Trade Commission to assess consolidation in the pharmaceutical supply chain and its impact on drug prices. It took until last year for the FTC to take [action](#) and start studying PBMs. Its welcomed action, but it's not enough.

To ensure a timely FTC report, last week, the Judiciary Committee passed out on a voice vote the [Prescription Pricing for the People Act](#), a Grassley-Cantwell bill. It requires the FTC to study pharmaceutical intermediaries and issue a report and recommendations to Congress within one year.

A [timely report](#) on PBMs is critical, but we can stop some anti-competitive behavior right now. The Cantwell-Grassley [PBM Transparency Act](#) directs the FTC to end well-known and documented PBM practices that drive up consumer costs, namely: spread pricing and clawbacks. Both actions game the system and hurt consumers.

Our bill has guardrails – it doesn't give the FTC any new power or regulatory authority. The bill also puts sunshine on PBMs.

Passing the *PBM Transparency Act* is an important step to lowering to drugs costs.