



**COUNCIL for  
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U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative,

You will soon be considering H.R. 5378, the Lower Costs, More Transparency Act under suspension of the rules. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to oppose this bill.

The legislation would increase government intervention in the healthcare marketplace and restrict the ability of pharmacy benefit managers (PBMs) to save an average of [\\$1,040](#) per payer and patient per year. PBMs administer drug plans for more than [275 million](#) Americans who obtain their health insurance from employers, unions, the federal government and state governments, insurers, and other entities. The number of people PBMs serve year over year is consistently growing due to their popularity and the lower priced drugs they provide. The 40 to 50 percent savings on prescription drugs and related medical costs are achieved by negotiating on behalf of the large groups they serve; the savings are then passed onto health plan sponsors and patients. PBMs utilize a variety of tools to lower prices like rebates, pharmacy networks, drug utilization review, formularies, specialty pharmacies, mail-order, and audits to drive down drug costs, improve quality, increase patient medication adherence, and prevent fraud. The decision to use a PBM is completely voluntary by the plan sponsor.

H.R. 5378 would establish a ban on spread pricing in Medicaid. A similar ban was implemented in Ohio in 2019 by mandating the removal of spread pricing in the state's Medicaid Managed Care program to a pass-through pricing model. This led to higher drug costs for the Ohio Medicaid program with a total increase of \$38,308,479.

The federal government should learn from the failed Ohio policy and not over regulate PBMs at the federal level. Legislation and regulations that interfere with PBM negotiations, like imposing strict pricing requirements or rate regulations, distort the medical marketplace and limit patient choice. An increase in government regulation of the healthcare system should be opposed by fiscal conservatives, especially when there are savings to patients that are being impacted. The PBM provisions have not been subject to a review and estimate by the Congressional Budget Office. And due to the impact of the changes to how PBMs operate, H.R. 5378 should be considered under regular order.

Thank you for your consideration of our views on H.R. 5378. All votes related to this bill may be among those considered for CCAGW's *2023 Congressional Ratings*.

Sincerely,

*Tom Schatz*