



Thomas A. Schatz, *President*
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March 22, 2022

Missouri State Capitol
201 W. Capitol Ave
Jefferson City, MO 65101

Dear Representative,

On behalf of 38,548 members and supporters of the Council of Citizens Against Government Waste in Missouri, I urge you to oppose [HB 1677](#). This legislation would create unnecessary regulatory barriers that will undermine the effectiveness of pharmaceutical benefit managers (PBMs) in Missouri.

PBMs save money for patients by negotiating lower prices on behalf of large groups. More than [266 million Americans](#) who obtain health coverage from their employers, unions, state government plans, and other sponsors rely on PBMs to administer their prescription drug plans. PBMs use various tools 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. PBMs could save more than over \$19.96 billion in healthcare costs in Missouri over the next 10 years.

Provisions in the bill could cost the state of Missouri \$160 million in excess drug spending in the first year alone. Requiring PBMs to become fiduciaries will change the current operational process and result in higher operating costs that will be passed on to consumers, along with fewer options for financial structuring agreements made with a plan sponsor.

The provisions in the bill also impact pharmacy networks. PBMs use a variety of preferred network pharmacies, including independent, chain, mail-order, and specialty, to keep costs low and safety a priority. Eliminating these agreements and requiring that all pharmacies be included in the plan is inconsistent with the purpose of PBMs and the agreements they make with pharmacies on behalf of their customers. Pharmacies agree to charge lower prices to receive a large share of patients from a plan; if any pharmacy can participate, the incentive to lower costs will be gone. Patients on a PBM negotiated plan have the option to go to any pharmacy they choose but are not guaranteed the lower price if it is not in a contract with their PBM preferred network.

For the above reasons, I urge you to oppose HB1677, which would insert the government further into the healthcare system and result in higher costs for Missouri patients.

Sincerely,

Tom Schatz