



**COUNCIL for  
CITIZENS  
AGAINST  
GOVERNMENT  
WASTE**

**Thomas A. Schatz, *President***  
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Washington, D.C. 20036  
[ccagw.org](http://ccagw.org)

May 21, 2019

The Honorable Kevin Stitt  
Governor of Oklahoma  
Oklahoma State Capitol  
2300 N Lincoln Blvd.  
Oklahoma City, Oklahoma 73105

Dear Governor,

Last week, on May 16, 2019, the Oklahoma State Senate passed HB 2632, the “Patient’s Right to Pharmacy Choice Act” that supposedly will restore a patient’s right to choose a pharmacy provider. You were correct to veto a similar bill, SB 841, on May 1, 2019. On behalf of the more than 25,089 members and supporters of the Council for Citizens Against Government Waste (CCAGW) in Oklahoma, I ask that you also veto HB 2632.

On April 3, 2019, *The Oklahoman* editorial board wrote, “Senate Bill 841 and House Bill 2632 would make it much more difficult for [pharmacy benefit managers] to achieve drug savings for consumers by mandating that insurers use all pharmacies, even those that don’t contract with the insurer. Supporters argue it’s unfair some pharmacies currently are treated differently than others, but since when do we force people to buy products at a higher price when another provider will sell the same thing for less?”

Pharmacy benefit managers (PBMs) are utilized by insurance companies, self-insured employer plans, state and federal governments, unions, Medicare Part D, and others to administer prescription drug plans as part of healthcare insurance and provide a valuable service for the customers they serve. For example, through their negotiating power, PBMs lower drug prices for millions of Americans, provide choice in coverage, improve safety, and provide convenience through mail-order delivery, particularly for people living in rural areas.

CCAGW remains concerned that this legislation violates federal law because self-funded plans utilize PBMs and third-party payers, such as insurers, to administer pharmaceutical benefit plans.

In addition to being a violation of federal law, HB 2632 would drive up healthcare costs for employers and other sponsors of health insurance in Oklahoma. By establishing “minimum and uniform access to a provider,” prices will increase for everyone since prices are often based on dispensing volume. Furthermore, paying out-of-network pharmacies the same price as an in-network pharmacy would negate any reason for a pharmacy to join a network and reduce a PBM’s ability to negotiate lower drug costs. As a result, this bill would raise costs for insurers, increase premiums for everyone, and reduce choice.

The Oklahoma Insurance Department has stated this legislation will cost the state \$350,000 annually to hire several staff members to review and approve the pharmacy networks. The Oklahoma Management Enterprise Services Employees Insurance Group Division stated it would cost an additional \$7.2 million for the HealthChoice program due to negating the ability of PBMs to negotiate substantial discounts by creating exclusive pharmacy networks and instead requiring open pharmacy networks.

This legislation is crony capitalism, designed to protect certain pharmacies from competition, and it will drive up costs and limit choice for everyone in your state. Again, I respectfully ask you to veto HB 2632.

Sincerely,

A handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.

Thomas Schatz