



June 15, 2018

Ms. Ana English
President and Chief Executive Officer
Center for Improving Value in Health Care
950 S. Cherry St. Ste. 208
Denver, CO 80246

Re: Proposed Revision of the Data Submission Guide for Colorado's All-Payer Claims Database
– Alternative payment model and Prescription drug rebate information

Dear Ms. English:

On behalf of the Pharmaceutical Care Management Association (PCMA) we would like to express our concerns over the recent proposed changes in the data submission requirements for Colorado's All-Payer Claims Database (APCD). PCMA is the national trade association for pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage provided by large and small employers, health insurers, labor unions, and federal and state-sponsored health programs.

PBMs exist to make drug coverage more affordable, by aggregating the buying power of millions of enrollees through their plan sponsor/payer clients. PBMs help health care consumers obtain lower prices for prescription drugs through price discounts from retail pharmacies, rebates from pharmaceutical manufacturers, and using lower-cost dispensing channels. Though unions, large employers, and public programs are not *required* to use PBMs, most *choose* to because PBMs help lower the costs of prescription drug coverage.

We agree that the rising cost of pharmaceuticals in this country is a serious problem, but we believe that CIVHC's new proposed rebate data collection is counterproductive and could actually *raise* drug prices without proper safeguards.

The CIVHC required reporting of pharmaceutical rebate data by Colorado's health plans is most likely based on the mistaken belief that this type of information would lower drug prices. We believe that it is important that there be a competitive marketplace among drug manufacturers in order to drive down the cost of prescription medications. Any public disclosure of rebate information would allow manufacturers to learn what type of price concessions other manufacturers are giving, thus establishing a disincentive from offering deeper discounts. The Congressional Budget Office (CBO) has noted that disclosure requirements could allow firms to



“observe the prices charged by their rivals, which could lead to reduced competition.”¹ According to CBO, the “disclosure of rebate data would probably cause the variation in rebates among purchasers to decline” leading to a “compression in rebates.”² Additionally, The Federal Trade Commission (FTC) has stated that, “[i]f pharmaceutical manufacturers learn the exact amount of rebates offered by their competitors, then tacit collusion among them is more feasible” and “[w]henver competitors know the actual prices charged by other firms, tacit collusion — and thus higher prices — may be more likely.”³ The FTC has also warned that legislation requiring disclosure of negotiated terms could increase costs and “undermine the ability of some consumers to obtain the pharmaceuticals and health insurance they need at a price they can afford.”⁴

Finally, PCMA questions the appropriateness of collecting rebate information for inclusion in a claims database. Rebates are not paid claims and are part of private contracts between two business entities, and therefore, should not be included in the submission guidelines.

PCMA respectfully expresses concerns over CIVHC’s new All-Payer Database requirements on collecting proprietary rebate information. Please contact me at 270-454-1773 if you would like to discuss our concerns. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Melodie Shrader". The signature is fluid and cursive, written in a professional style.

Melodie Shrader
Regional Director, State Affairs

¹“Increasing transparency in the pricing of health care services and pharmaceuticals,” Congressional Budget Office, Jun. 5, 2008.

² Letter to Rep. Joe Barton and Rep. Jim McCrery, U.S. House of Representatives, Congressional Budget Office, Mar. 12, 2007.

³ Letter from FTC to Rep. Patrick T McHenry, U.S. Congress, (July 15, 2005); Letter from FTC to Assemblyman Greg Aghazarian, California State Assembly, (September 3, 2004).

⁴ US Federal Trade Commission & US Department of Justice Antitrust Division, “Improving Health Care: A Dose of Competition,” July 2004.