



March 5, 2019

The Honorable Steve Bullock
Office of the Governor
P.O. Box 200801
Helena, MT 59620-0801

Re: Veto Request for SB 83 Relating to Establishing Allowable and Prohibited Practices for Pharmacy Benefit Managers and Other Third-Party Payers.

Dear Governor Bullock:

On behalf of the Pharmaceutical Care Management Association (PCMA), I urge you to veto SB 83 because it will destroy private contracting between Pharmacy Benefit Managers (PBMs) and health plans; contracts that help lower the cost of prescription drugs which, in turn, saves millions of dollars for the citizens of Montana.

PCMA is the national trade association representing America's pharmacy benefit managers ("PBMs"), which administer prescription drug plans for more than 266 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions, and Medicare Part D. Pharmacy Benefit Managers (PBMs) are hired by clients including health insurers, government agencies, unions, school districts, and large and small employers, to manage the pharmacy benefit as allowed under the health insurance contract. It is important to note that PBMs do not set the price of prescription drugs – that is solely in control of the pharmaceutical manufacturer.

SB 83 would:

- Allow pharmacies to disclose confidential reimbursement terms, thereby destroying a PBM's ability to negotiate the lowest prices with participating pharmacies;
- Destroy a PBM's ability to ensure patient access to high quality service by pharmacies;
- Undo contractual confidentiality agreements between PBM's and entities which negotiate on behalf of pharmacies;
- Require PBMs to disclose information to pharmacies that would place network adequacy at risk; and
- Create a unilateral and unprecedented right of pharmacies to cancel any PBM contract, for any reason, with 90-day notice, putting patients at risk. In 2017, the legislature passed legislation allowing a network pharmacist or pharmacy to decline providing a brand-name drug if the acquisition cost is less than the acquisition cost paid by the pharmacy or pharmacist. §33-22-174 Mont. Code Ann.

Moreover, SB 83 fails to reconcile its provisions with current law, making implementation virtually impossible. For example, SB 83 establishes how PBM's are to establish Maximum Allowable Cost (MAC) pricing while ignoring existing MAC requirements. e.g., 33-22-172 Mont. Code Ann.

I strongly urge you to veto SB 83 in favor of protecting the citizens of Montana from rising prescription drug costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Head", is written over a light blue horizontal line.

Bill Head
Senior Director, State Affairs