



April 11, 2019

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

**Re: Veto Request for SB71-Requirements for Prescription Drug Benefits Offered Under a Health Benefit Plan**

Dear Governor Bullock:

On behalf of the Pharmaceutical Care Management Association (PCMA)<sup>1</sup>, we urge you to veto SB 71. 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. **PBMs are projected to save Montana more than \$2 billion over the next 10 years.**

**SB 71 will harm Montana consumers by:**

- Requiring a single, one size fits all, formulary which will reduce choice and lead to higher drug costs for consumers. If there is not incentive for drug manufacturers to compete for inclusion on a formulary, prices will increase more dramatically than they already do.
- Preventing in network designation of mail order pharmacies, thus limiting lower cost in network pharmacy availability to rural Montana consumers. The prohibition of “in-network” mail order pharmacies may prevent those without convenient access to brick and mortar pharmacies from obtaining specialty drugs or drugs not stocked in a brick and mortar pharmacy at the lower in-network price.

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<sup>1</sup> 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.



The State Auditor, the primary proponent of the legislation, derided the Affordable Care Act for interjecting government control of private healthcare. Yet this legislation creates an expansive regulatory structure that will increase costs for Montanans and harm Montana consumers. That the primary proponent intentionally chose to exempt the state employee plan from the bill's requirements reveals their own skepticism

The bill applies only to the individual market, targeting the state's most vulnerable population who don't have access to an employer or group health plan. SB 71 injects volatility into a market that desperately needs stability.

The 2019 Legislature has already taken steps which will lead to enhanced transparency, reporting and accountability for health insurers and Pharmacy Benefit Managers in Montana. Those bills are SB 83 (Allowable and Prohibited Practices for Pharmacy Benefit Managers), SB 270 (Revise Reimbursement Conditions for Certain Pharmacies, Pharmacists), and SB 335 (Revise Insurance Laws Related to Pharmacies and Certain Health Entities, which is still under consideration. These bills, in combined effect, will provide the Montana Commissioner and Montana consumers with important information regarding this complex industry and associated business relationships. Certainly, with SB 83 and SB 270 already passed into law, this session, and with the likely passage of SB 335, SB 71 becomes unnecessary and potentially counterproductive at this juncture.

For these reasons, we respectfully request you to veto SB 71 and protect Montana consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Head". The signature is fluid and cursive, with the first name "Bill" and last name "Head" clearly distinguishable.

Bill Head  
Senior Director, State Affairs