

Rebate Mandates Hurt Choice and Small Employers



Mandating commercial rebate pass-through would inadvertently reduce choice and competition in the PBM marketplace.

The rebate pass-through language included in the draft December healthcare package was not appropriately vetted and its impact is unknown

- » No House Committee has previously approved provisions mandating commercial market rebate pass-through. Such a broad and drastic policy change demands a deliberative and transparent process, including a comprehensive legislative score.
- » While the Congressional Budget Office has published previous analysis on rebate pass-through, the December language included expansive mandate language that goes beyond anything previously considered by either the House or Senate, or publicly released by CBO.
- » The absence of a comprehensive score for these proposed provisions demonstrates the potential for unknown unintended consequences in the employer market.
- » CBO has previously acknowledged that rebate pass through mandates would likely result in higher fees charged to employers for the administration of their prescription drug benefits—likely leading to an increase in costs for both employers and employees in the form of higher premiums.

100% pass-through to employers would not help patients

- » Mandating that plan sponsors receive 100% of rebates does not guarantee patients would pay less for their drugs, and more likely would result in patients paying more due to higher premiums.
- » Rebates are often used to lower premiums, not just to reduce drug prices. Pass-through policies fail to account for this broader value.

100% pass-through would take a popular choice away from plan sponsors

- » Smaller PBMs rely on flexible rebate models to provide innovative services and competitive pricing. In 2022, less than half of these small employers chose a 100% pass-through contract.¹
- » 100% pass-through eliminates plan sponsors'—such as employers, labor unions, and health insurers—choice in how to compensate PBMs for the clinical and administrative services they provide in managing drug benefits.
- » 88% of employers have expressed satisfaction with their PBM's ability to provide the lowest costs for employees at the pharmacy counter.²
- » 90% of employers that received rebates in the last 12 months applied them toward at least one activity to offset the costs of their prescription drug benefits.³

1 Drug Channels. "Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers." 2023.

2 NORC. "Employers' Experiences with Managing Prescription Drug Benefits." 2024.

3 NORC. "Employers' Experiences with Managing Prescription Drug Benefits." 2024.

ABOUT PCMA

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