



## Ohio Association of Rheumatology

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November 19, 2019

### Re: Support Increasing Reporting Requirements for PBMs – HB 396 (Sec. 3959.31)

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Dear House Health Committee Member:

The Ohio Association of Rheumatology (OAR) encourages public understanding and awareness of the impact of rheumatic diseases on society and the importance of the subspecialty of rheumatology in altering disease outcomes. From its inception in 2003, OAR has been a non-profit, 501C3 organization composed of rheumatologists dedicated to the advancement of quality arthritis and musculoskeletal health care for all persons in the State of Ohio.

Pharmacy Benefit Managers (PBMs) are hired by health plans to manage drug benefit programs, and act as intermediaries between health plans, manufacturers, and pharmacies. PBMs negotiate rebates with drug manufacturers to determine prescription drug formulary placements. The current rebate system allows for PBMs to reap profits on the backs of health plans and patients. In order to reduce drug costs and improve patient access to treatment, increased transparency and appropriate oversight of how PBMs operate in Ohio is imperative.

**As such, House Bill 396, (Sec. 3959.31) sets forth requirements for all PBMs to report *aggregate data* on a quarterly basis to the DOI on the amount of rebates received by the PBM by the manufacturer, the amount of rebates distributed to the health plan, and the amount of rebates passed on to the beneficiaries of each health plan that reduced the cost of their prescription drug at the point of sale.**

*Additionally, OAR supports provisions outlined in that bill which would codify existing Ohio regulatory restrictions on PBMs engaging in "spread pricing."*

The rebate system was intended to generate cost-savings, but lack of transparency laws have enabled PBMs to divert rebates and discounts towards their bottom line rather than defraying costs for plans and patients.

OAR thanks the Ohio Legislature for its commitment to increase patient access to affordable treatments and respectfully requests that you support HB 396. Should you have any questions, please direct them to Heather.Kazmark@naylor.com or 847.264.5930.

Sincerely,

Stephanie Ott, MD FACP, FACP  
President, OAR