

January 10, 2012

The Honorable Brett Guthrie
Member, Subcommittee on Health
Committee on Energy and Commerce
308 Cannon House Office Building
Washington, DC 20515

Subject: Request for a Hearing on Part D PBMs

Dear Congressman Guthrie:

As pharmacist small business owners and your constituents, we are writing to request that you urge Representative Joe Pitts to hold a hearing in the House Energy and Commerce Committee Subcommittee on Health to investigate the ongoing business practices of the Pharmacy Benefit Manager (PBM) industry, especially as they relate to the impact on Medicare Part D patients and pharmacies.

Almost all Part D plans use PBMs to administer drug benefits for the Medicare program. PBMs act as middlemen between the pharmacist, physician, plan sponsor (such as an employer) and patient with little oversight of their operation. PBMs play a key role in determining the medications to which patients have access, the rates that pharmacists are paid for services rendered, and they have the ability to unfairly coerce patients from using their local community pharmacy to obtain prescriptions. PBMs unfair business practices and abusive auditing procedures are also threatening our ability as small business owners to operate and properly service the healthcare needs of our patients.

As your local community pharmacists have presented to you, the actions of the PBM industry continue to negatively impact how pharmacists operate as healthcare professionals and business leaders, and how Part D patients access their medications across the nation as a whole. Community pharmacists ask only for a public forum to present our stories and our concerns. We wish to present how H.R.1971, introduced by Committee Member Cathy McMorris Rodgers, would provide for a competitive marketplace where small businesses can fairly compete and grow along with these large corporations and prevent patients from being driven away from using their community pharmacy to obtain their needed medications and healthcare counseling.

Taxpayers should be confident that PBMs are acting in their interests and not just the interests of their profits. In a 2009 hearing of the House Oversight Subcommittee on Federal Workforce, Postal Service and the District of Columbia, Susan A. Hayes of Pharmacy Outcome Specialists testified that PBMs engage in spread pricing, where, unbeknownst to the plan sponsor, they pay pharmacies one price for prescription drugs dispensed, but charge the plan sponsor a much higher price, thereby pocketing the difference. In addition, a March 2011 Report of the U.S. Department of Health and Human Services' Office of Inspector General (OIG) examined concerns with rebates within the Medicare Part D program. The report concluded that PBMs are not always passing expected cost savings on to Medicare Part D. It also stated that lack of transparency raised concerns that plan sponsors may not always receive enough information to oversee services. The fact that PBMs are withholding funds that should have been passed through to the Part D program and could have been utilized to improve the care of vulnerable beneficiaries speaks strongly to the need for increased oversight and monitoring.

As your constituents, local pharmacists and small business owners we ask you to urge Chairman Pitts to hold a hearing on this matter to explore the practices of the PBM industry and how their actions are affecting Part D patients, government spending, and the independent community pharmacist.

The undersigned constituent pharmacists and small business owners support this request.
Sincerely,

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