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State of Rhode Island General Assembly
House Corporations Committee
Attn: Committee Members
82 Smith Street
Providence, RI 02903

Re: HB 5254 titled relating to Insurance-Pharmacy Freedom of Choice-Fair Competition and Practices

March 5, 2025

Thank you Chair Solomon, Vice Chair O'Brien and members of the Committee,

My name is Ron Lanton and I represent Northeast Pharmacy Service Corporation (NPSC). On behalf of NPSC, we stand united in support of our pharmacies behind HB 5254.

This bill proposes that pharmacy benefit managers (PBMs)/insurers use a standard pricing metric called National Drug Average Acquisition Cost benchmark (NADAC), an objective, evidence-based drug pricing benchmark that is updated on a monthly basis.

This metric will make sure that Rhode Island pharmacies are getting paid the way they should from insurance companies.

Why else is this bill needed?

- Pharmacy is the only retail industry where the business does not set the prices paid by their customers
- PBM contracts set retail prices with take it/leave it contracts.
- PBMs set arbitrary reimbursement rates to network pharmacies that are not reflective of the pharmacy's acquisition costs.
- Nothing prevents PBMs from reimbursing their affiliated pharmacies at a higher rate than their competitors.
- PBMs steer patients to PBM affiliated pharmacies (including mail order and specialty) for the most profitable drugs thus increasing cost to patients.

Benefits of voting in favor of this bill

- Using NADAC prevents massive markups at PBM owned and affiliated retail, mail-order, and specialty pharmacies, thereby shielding patients from excessive, predatory pricing at PBM affiliated pharmacies.

- Paying all network pharmacies the same rate removes incentives to steer patients to PBM affiliated pharmacies and lowers costs by preventing PBMs from paying their affiliated pharmacies more than any other pharmacy in their network.

In summary, patients win.

***Nota Bene**

For efficiency purposes we are also asking the Committee to support HB 5498, which will ensure that PBMs and managed care organizations (MCOs) doing business with Rhode Island Medicaid provide the state with price transparency to ensure fairness to Medicaid.

We also urge the Committee to pass HB5429 which asks for PBM fairness in their business practices overall.

We look forward to serving as a resource to you.

Best regards,
Ron Lanton III, Esq.
General Counsel & Legislative Director
Northeast Pharmacy Services Corporation (NPSC)