Blue Cross Blue Shield of Rhode Island
500 Exchange St, Providence, Rhode Island 02903-2699
(401) 459-1000 | bcbsri.com

March 31, 2026

The Honorable Louis DiPalma, Chair, Senate Committee on Finance
Via email to: SenateFinance@rilegislature.gov

Re: House Bill 7127, Article 11, Section 1 (Budget – Pharmacy Benefit Manager reporting)

Dear Chairman DiPalma and Members of the Committee:

On behalf of Blue Cross & Blue Shield of Rhode Island (Blue Cross), I am writing to share concerns with this legislation. This response is not based on opposition to transparency or oversight of pharmacy benefit managers (PBMs). Rather, it reflects concern that Section 1 would be premature and potentially duplicative considering recent sweeping Congressional PBM reforms and ongoing federal agency activity that directly address the same subject matter.

Enacting a state-specific PBM reporting requirement now—before federal standards are finalized—creates a risk of inconsistent, duplicative, or conflicting obligations for PBMs, health carriers, and regulators.

We recognize the expertise and collaborative approach of the Office of the Health Insurance Commissioner, and the interest of the Assembly and Governor, to understand the drivers of health care expenses, especially with respect to drugs.

We remain committed to working with all parties to develop the best approach to providing information to the Office to understand healthcare cost drivers. This might include making a PBM-related filing with the Office that tracks the information required under the federal PBM reporting scheme. We would also urge the Assembly to direct the Office to determine how it might investigate the practices of drug manufacturers, as those entities actually set the price of the drugs.

Recognizing the Committee's interest to understand the federal activity, we share the following:

On February 3, 2026, **Congress** enacted the Consolidated Appropriations Act of 2026, which imposes PBM transparency, reporting, rebate pass-through, audit, and oversight requirements. These federal provisions are substantially broader than, and overlap with, the reporting and study requirements contemplated in this Article. Implementation of these requirements will require significant rulemaking from the federal agencies, including the **Department of Health and Human Services (HHS)** and the **Department of Labor (DOL).** Those agencies will be defining reporting formats, audit rights, and disclosure parameters.

On a separate track, on January 29, 2026, the DOL issued a notice of proposed rulemaking that, if finalized, would impose significant additional PBM transparency obligations. The proposed rule would require disclosure of detailed information about PBM compensation, including payments from drug manufacturers, spread compensation, claw-backs, and price protection arrangements.

In parallel with congressional action, the **Federal Trade Commission (FTC)** is actively enforcing federal competition and consumer protection law against PBMs. Most recently, in February 2026, the FTC announced a landmark settlement with Express Scripts requiring fundamental changes. This is expected to further reshape PBM conduct nationwide.

Given this rapidly evolving federal enforcement environment, it would be prudent to allow these actions to play out before layering additional state mandates. Enacting state-level rules at this time raises several concerns:

Duplicative reporting: PBMs and health carriers will already be subject to extensive federal reporting and audit obligations covering rebate, fee, and spread pricing information in a way that overlaps but differs.

Inconsistent standards: State-specific definitions and methodologies may diverge from federal definitions that are still being finalized.

Administrative burden without added value: Parallel state and federal reporting regimes risk increasing compliance costs without demonstrable additional benefit to patients or policymakers.

Legal risk: Because PBM regulation intersects with ERISA governed plans and Medicare, premature state action increases the likelihood of preemption challenges and litigation.

We reiterate our commitment to work with the Office and the Assembly to monitor federal PBM rulemaking and enforcement outcomes, review the data generated by federally mandated PBM reports once available; and reassess whether targeted state action is necessary to address any remaining gaps specific to Rhode Island.

This approach preserves legislative authority while ensuring that any future state action is evidence based, legally durable, and complementary to—not duplicative or contradictory of—federal law.

For these reasons, we respectfully urge the General Assembly not to pass Section 1 of Article 11, and to allow the federal PBM framework to be implemented and evaluated before proceeding further.

Thank you for your consideration and for your commitment to prescription drug affordability and access for Rhode Islanders.

Sincerely,
Richard Glucksman
Assistant General Counsel