



March 31, 2026

The Honorable Louis P. DiPalma
Chairman, Senate Committee on Finance
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: Letter of Support – Pharmacy Benefit Manager Transparency Reporting & Study Act – Article 11 Section 1

Dear Chairman DiPalma:

I'm writing in support of Article 11 – Section 1 which would create the Pharmacy Benefit Manager Transparency Reporting and Study Act. Pharmacy Benefit Managers (PBMs) occupy a significant place in the distribution and financing of prescription drugs in Rhode Island, and the nation. Prescription drug costs are a major driver of total health care spending growth and contribute to rapidly rising health insurance premiums. There are also significant administrative costs associated with pharmacy claims processing, network development, formulary design, and utilization review which are managed by health insurers and PBMs. PBMs negotiate price concessions from drug manufacturers which total hundreds of millions of dollars per year in exchange for placement on health plan drug formularies.

States across the country have taken an interest in understanding the role of PBMs in their health care systems, understanding PBM business practices, and gaining insights into financial transactions involving PBMs. There is great interest in whether and how PBMs should be subject to regulations beyond existing insurance laws. In 2025 alone, the National Academy for State Health Policy (NASHP) cataloged 179 bills related to PBMs across 42 states.¹ Congress has also taken notice. This includes passage of H.R. 7148, the Consolidated Appropriations Act of 2026 in February, which includes several PBM reforms and provisions to improve transparency.

The proposed Pharmacy Benefit Manager Transparency and Reporting Act represents a first step in characterizing and quantifying the role of PBMs in Rhode Island's health care system. The transparency provisions seek to quantify and make transparent the flow of drug rebates and administrative fees through PBMs.

The Act also requires OHIC to provide the General Assembly and the Governor with an analysis of the reporting information furnished pursuant to § 27-84-3 of the Act. The report will also include a review of the role of Pharmacy Benefit Managers in the structure and cost of health insurance, a review of approaches to Pharmacy Benefit Manager regulation in other states, and any recommended actions to improve the oversight of Pharmacy Benefit Managers doing business in Rhode Island. In the future, the General Assembly can utilize the

¹ 2025 State Legislation to Lower Prescription Drug Costs. <https://nashp.org/state-tracker/2025-state-legislation-to-lower-prescription-drug-costs/>

data and report to inform any necessary future legislative actions concerning PBMs that will support Rhode Islander's access to a more affordable health care system.

Sincerely,



Cory B. King
Health Insurance Commissioner

CC: Honorable Members of the House Finance Committee
Kristen Silvia, Director of Legislation and Deputy Chief of Staff