May 21, 2026

Senate Committee on Health and Human Services
State House
82 Smith Street
Providence, RI 02903-1105

Via email: SLegislation@rilegislature.gov

RE: S 3260 RELATING TO COMMERCIAL LAW – GENERAL REGULATORY PROVISIONS – DECEPTIVE TRADE PRACTICES: Opposed

Dear Chair Murray and members of the Senate Committee on Health and Human Services:

Thank you for the opportunity to comment on S 3260. I represent Prime Therapeutics (Prime), a pharmacy benefit manager (PBM) owned by 19 not-for-profit Blue Cross and Blue Shield Insurers, subsidiaries, or affiliates of those Insurers, including Blue Cross & Blue Shield of Rhode Island.

Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Our company manages pharmacy claims for more than 30 million people nationally and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. Importantly, Prime is focused on purpose beyond profits. We are not publicly traded or owned by a private equity firm. As such, it is not our primary motivation to maximize profits; our primary motivation is to do the right thing.

The Value of PBMs
PBMs specialize in the management of prescription drug benefits and are uniquely positioned to apply downward pressure on the rising costs of prescription drugs. Health insurers, employers and government entities often choose to use a PBM to leverage the company's industry expertise. ***It is important to note that plan sponsors are not required to use a PBM*** to manage their drug benefits but 74% choose to [1] because PBMs drive down drug costs, saving payers and patients an average of $1,040 per person per year,[2] and providing $145 billion in overall value to the healthcare system.[3]

PBMs do Four Main Things:
- ✓ Administer insurance claims
- ✓ Negotiate savings for prescription drugs
- ✓ Negotiate savings with pharmacies
- ✓ Provide tools and programs to support employers, patients, and clinicians

Health plan sponsors make active choices about how they design their drug benefits and participant cost sharing. Differing populations and resources require flexibility in plan design and payment options to meet each sponsor's unique needs. To meet these needs, PBMs help plan sponsors navigate their coverage options to identify and select a plan that best serves the needs of their plan participants. Independent Pharmacy and Therapeutics (P&T)

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1 United States Government Accountability Office. (2019). Medicare Part D: Use of Pharmacy Benefit Managers and Efforts to Manage Drug Expenditures and Utilization (Report No. GAO-19-498). https://www.gao.gov/products/gao-19-498

2 Visante. 2023. https://www.pcmanet.org/wp-content/uploads/2023/01/The-Return-on-Investment-ROI-on-PBM-Services-January-2023.pdf

3 National Bureau of Economic Research. 2022. https://www.nber.org/papers/w30231/

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committees, made up of clinical experts, review and evaluate clinical evidence to help with formulary recommendations. PBMs share the recommendations of the P&T committee with plan sponsors and then work together to evaluate whether modifications or addon's, which can alter or enhance the plan offerings, are appropriate.

PBMs Keep Plan Sponsors Informed by Providing:

- Clear and understandable financial information about rebates, fees, and payments in accordance with the PBM-plan sponsor contract.
- Submitting to regular audits by the health plans to demonstrate that the PBM is living up to their contract terms.
- Detailing how much plans will pay for each prescription filled by an enrollee in their plan.
- Providing aggregate data on drug utilization by plan enrollees.

Lowering the Cost of Prescription Drugs

Drug Manufacturers Set Drug List Prices

Drug companies blame PBMs, employers, unions, and government programs for their high prices, but the fact is that they keep 67% of all prescription drug spending, while PBMs retain less than 5% of prescription drug spend.[4] For every $1 spent on PBM services, PBMs reduce costs by $10.[5] PBMs save payers and patients 40-50% on their annual prescription drug and related medical costs compared to what they would have spent without PBMs.[6]

Rebate Negotiation & Formulary Management

PBMs put downward pressure on the cost of drugs by negotiating with manufacturers of brand name drugs for rebates and pharmacies for discounts. These rebates and discounts are passed back to health plans at a rate of 90-95%, helping to fund the cost of health insurance.[7] PBMs administer over 3.6 billion scripts annually.[8] Without the negotiated savings, patients and payers would pay much more for prescription drugs.

Network Management

A key part of addressing the rising costs of prescription drugs is pharmacy network management. Payers often establish preferred pharmacy networks, which include pharmacies that best compete on service, price, convenience, and quality. Preferred pharmacy networks are networks of pharmacies where plans and enrollees pay a lower amount for a drug than at a pharmacy in the standard network. Pharmacies choose to participate in these networks because it generates a higher volume of business. The cost savings from this network type are so significant that drug costs could rise by $175 million if the volume of services at preferred pharmacies decreased by as little as 2.5%.[9]

Ensuring Access and Advancing Better Health Outcomes

PBMs facilitate patient access by helping plan sponsors to select the right mix of brick-and-mortar, mail order, and specialty pharmacies for their networks. Providing more convenient, equitable access to medicine through mail order pharmacies has been shown to increase adherence. Studies show that people with diabetes who use a mail

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4 Nancy L. Yu, Preston Atteberry, Peter B. Bach. "Spending On Prescription Drugs In The US: Where Does All The Money Go?" Health Affairs, July 31, 2018

5 Visante. The Return on Investment (ROI) on PBM Services. (February 2020).

6 Ibid.

7 Sweeney, Evan. (2018, August 10th). CVS, Express Scripts provide a rare moment of transparency on rebate profits. Fierce Healthcare. https://www.fiercehealthcare.com/payer/cvs-caremark-express-scripts-pbm-pass-through-cigna-merger

8 KFF. 2019. https://www.kff.org/health-costs/state-indicator/total-retail-rx-drugs/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

9 The Moran Company. (2018). Economic Impact of CMS' Proposed Any Willing Pharmacy Policy. https://www.pcmanet.org/wp-content/uploads/2018/03/Any-Willing-Pharmacy.pdf

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order pharmacy have a 7.8% higher rate of adherence than those that do not.[10]

- **Supporting patient safety** by preventing potentially harmful drug interactions and reducing medication errors.
- **Helping patients understand** how and when to take their medication.
- **Improving care coordination** through offerings such as home delivery, saving patients time and money while increasing access and care coordination.

S 3260 PBM Deceptive Trade Practices
S 3260 outlines several standard practices and labels them as deceptive trade practices. Spread pricing, network management, and tools to support patient medication adherence and monitor waste and abuse are all standard industry practices put in place to provide options for plan sponsors and support for members.

Eliminating spread pricing contracts eliminates plan choice and autonomy.
Spread pricing is a voluntary risk-mitigation pricing model where the plan sponsor & PBM set a contract price for drugs and if the cost of the drug exceeds the contracted rate, the PBM assumes the risk. Employers, unions, and plan sponsors deserve pharmacy benefit options that offer budget predictability and sustainability.

According to a 2023 PSG study, 34% of employers, 33% of labor unions, and 26% of health plans choose this risk-mitigation pricing model.[11] These businesses choose spread pricing because it guarantees a fixed cost for a prescription drug, providing stability.

Spread or risk mitigation contracts offer cost predictability in an uncertain world.

- A plan sponsor may choose to adopt a risk mitigation pricing model because it reduces the plan sponsor's price variability during the year and instead shifts that financial risk to the PBM, as opposed to a pass-through contract, which exposes the plan to potential and significant price fluctuations. Spread contracts make budgeting easier and more predictable for plan sponsors.
- Risk mitigation strategies are not unique to the pharmacy benefit world. Other health care sectors and industries use these models to lock in a purchase rate and manage financial risk. Examples include capitated payment in the Medicaid program, fuel price risk management by the airline industry, and price protection heating oil contracts.
- Not all purchasers want the same thing; if a third of the market wants this choice, we should protect their ability to have it.

Eliminating early refill restriction on maintenance medication removes a tool that supports patients in medication therapy adherence and limits medication unsafe overuse, waste or abuse.
Refill too soon edits are an important safeguard that helps ensure medications are dispensed in a clinically appropriate and financially responsible manner. These edits are designed to align refill timing with the quantity previously provided, reducing the risk of duplicate fills, stockpiling, and medication misuse. Without this basic utilization management tool, pharmacy benefit plans would have limited ability to identify situations where patients may be receiving overlapping supplies of the same drug from multiple pharmacies or prescribers. In many cases, timing controls also prompt necessary reviews of adherence patterns, dose changes, or potential confusion about how a medication is to be taken.

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10 Duru, O. K., Schmittdiel, J. A., Dyer, W. T., Parker, M. M., Uratsu, C. S., Chan, J., & Karter, A. J. (2010). Mail-order pharmacy use and adherence to diabetes-related medications. The American Journal of Managed Care, 16(1), 33–40. PMC3015238

11 PSG. (2023). 2023 Trends in Drug Benefit Design Report. https://rxss.com/wp-content/uploads/2023/06/PSG_Benefit_Design_Report_2023.pdf

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Prime opposes S 3260 because it restricts plan sponsor choices in plan design and eliminates tools used for patient safety. I welcome the opportunity to further discuss these concerns and work towards evidence-based solutions to help people get the medicine they need to feel better and live well. Thank you for your time and consideration.

Respectfully,

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Government Affairs
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