

# CAPITOL STREET

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June 12, 2024

## Medicaid PBM Spread Pricing Ban Passes Key House Cmte

PBM Reform Still Likely at Year End

Relevant Companies



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### »» Our Take & Next Up

**We still anticipate anti-PBM policies to materialize in an end of the year package as a pay-for, as we await FTC study results (likely July).** Today, the House E&C Committee passed out of committee a Medicaid spread pricing ban (link [here](#)). PBM provisions that are likely to be included in a lame duck package will largely be Medicare & Medicaid reforms (transparency, spread pricing ban, de-linking) with some possible commercial transparency requirements on plan reporting and annual disclosures.

### »» Key Points

**Today, the House Energy & Commerce Committee (Chair McMorris Rodgers, R- WA), unanimously passed a Medicaid spread pricing ban (we believe approx. \$300 M in savings over 10).** The spread pricing ban was included as a pay-for for the *Accelerating Kids Access to Care Act*, which would facilitate children's access to out-of-state Medicaid services. Medicaid spread pricing ban is a popular bipartisan PBM reform, particularly on the House side with the provision mirroring the Medicaid spread pricing ban in the House passed *Lower Costs More Transparency Act* ([here](#)).

**Currently, PBM provisions in play are largely in Medicare & Medicaid, with minimal commercial impact, and would offset other programs in need of funding (as seen in this markup).** See our past memo [here](#) on possible reforms and outlook. Provisions are largely focused on transparency, spread pricing and de-linking. Medicare reforms being considered include financial disclosures requirements and plan formulary and pricing reporting requirements. There are also some commercial reforms focused on ownership disclosure and reporting related to compensation, fees, rebates & formularies.

**We still think PBM legislative reforms are not detrimental to the business model & likely pass 4Q24 (to offset telehealth & other provisions).** As a reminder, most PBM "abuses" are prevalent in commercial (ESI) versus Medicare & Medicaid. Commercial reforms passed out of committee include a spread pricing ban in employer-sponsored coverage and ACA marketplace plans passed by the Senate HELP Cmte (Chair Sanders, I-VT). Other commercial policies that passed HELP include commercial reporting requirements on drug spending, rebates, and other fees (to HHS and plan sponsors), and additional reporting requirements for intra-

company prescription drug transactions. The House passed *Lower Costs, More Transparency Act* institutes PBM reporting requirements for group plans.

**The Federal Trade Commission (FTC) is set to release early results of their 6(b) study on PBMs (mid-summer).** We expect details on rebate practices and impact on insulin to be included as a part of the “mid-summer” study results ([here](#)). The PBM 6(b) inquiry is focused on several business practices that have drawn public scrutiny in recent years, including: PBM control over formularies, pressure on independent pharmacies, and spread pricing. Consolidation in the PBM market and use of affiliated Group Purchasing Organizations (GPOs) is also expected to be addressed in final study results.

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