

CAPITOL STREET

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PBM Reform Is Back But Does It Pass?

Legislation Could Ride With Dec-Jan Package

Relevant Companies



»» Our Take & Next Up

A PBM reform bill has been reintroduced with better odds of passage as a pay for for various healthcare priorities, potentially EPTCs, Medicare telehealth reauthorization. Today, *the Modernizing and Ensuring PBM Accountability (MEPA) Act*, was reintroduced by Sens. Wyden (D-OR) and Crapo (R-ID). Bill text [here](#). The PBM reforms include Medicare Part D de-linking and reporting requirements, Part D pharmacy reimbursement requirements, and Medicaid spread pricing ban. These reforms are not new; they are the ones previously introduced and marked up in the Senate Finance cmte in 2023, and were also included in the December 2024 CR package ([here](#)), which had (1) commercial transparency and rebate pass through; (2) Medicare delinking; and (3) Medicaid spread pricing ban.

PBM reform has few paths to full passage with big must-pass bills taking up most of the legislative energy. We could see (1) PBM policies included as a partial offset to EPTCs or (2) Pairing PBM reform with Medicare telehealth and extender reauthorizations in January (as a pay-for) and passing together as a standalone healthcare bill.

»» Key Points

Old PBM Medicare & Medicaid reform with bipartisan support has been reintroduced (MEPA [here](#)). Reforms being considered are those that enjoyed bipartisan agreement last year and were included in an early version of the Reconciliation. PBMs were ultimately removed at the last minute, but lawmakers continue to support reforms.

- Medicare Part D transparency requirements & de-linking for PBMs (saves ~\$700 M). Annual requirements set out for PBMs to report on drug prices and other information to Part D plan sponsor clients. PBMs and their affiliates are prohibited from collecting revenue for covered Part D drugs based on the price of a drug. Part D plan sponsors are provided with new audit rights with respect to PBMs.
- Prohibition of PBM “spread pricing” in Medicaid (which we note is a dying contract form in states) (saves \$300 M – 1 B).

- Reinforce existing requirements that plan sponsors contract with any willing pharmacy that meets their standard contract terms and conditions.
- Require participation by retail community pharmacies in the National Average Drug Acquisition Cost (NADAC) survey, for accurate Medicaid payments to pharmacies.

Commercial reforms may also be in the mix 2026+ and present a potential threat to the PBM business model. Possible commercial reforms include semi-annual reporting requirements (gross and net drug spending, drug rebates, spread pricing arrangements, formulary placement rationale). Other PBM reforms that impact commercial include the *PBM Act* (PBM ownership ban), *Pharmacy Benefit Manager Reform Act* (commercial pass through requirements), and *DRUG Act* (commercial de-linking). Major PBMs like Optum, CVS and Express are under fire, and large insurers, like United, continue to be broadly portrayed as the enemy by both Republicans and Democrats.

Another major PBM reform bill across multiple businesses (Part D, MA, TRICARE, Medicaid), is set to be reintroduced next week, but unlikely to pass near-term. However, the bill is relatively new (introduced in mid-2024) and unlikely to pass in its current form. The *Pharmacists Fight Back Act*, sponsored by Reps. Auchincloss (D-MA) and Harshbarger (R-TN) bans patient steering and spread pricing, addresses network exclusions, and sets a pharmacy reimbursement model based on the NADAC plus a state-specific dispensing fee, capped at either 2% or \$25.

As a reminder, near-term risks are also at the state level. PBM laws passed earlier this year at the state level include California's omnibus PBM law and Arkansas-style bans on vertical integration (our analysis [here](#) and [here](#)). We expect to see additional state anti-PBM bills to pose a more near term and greater headwinds than federal legislation. On state ownership ban, the Arkansas PBM ban has been halted indefinitely due to ongoing litigation. The case will determine if other states (LA, NY, IN, TN, TX, VT, PA) are likely to follow or if the vertical integration ban stops there.

FTC's final 6B report on PBMs could be released any day now. The report (on specialty pharmacy) is unlikely to spur the FTC to impose new business practice guidelines, but it may be used as a catalyst to get Congress to act. As a reminder, the FTC has already released 2 interim reports on PBM rebating practices and the dispensing and pricing of specialty generics. See our past analysis [here](#) and [here](#).

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