

CAPITOL STREET

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Senate Bills Advance & CEOs Testify: PBM, Insulin, Generics & Biosimilars

Middleman Assault on All Fronts

Relevant Companies



In early May, the Senate Health Education Labor Pension (HELP) committee (Chair Sanders, I-VT) is expected to markup a package addressing drug supply chain (PBM) and drug pricing provisions on generics, biosimilars & insulin. The markup is part of a larger plan by Senate Majority Leader Chuck Schumer (D-NY) to package health care bills from the Health, Finance, Judiciary and Commerce committees for a floor vote in an effort to further lower healthcare costs. The House may acquiesce for policy passage in 4Q23.

»» Our Take & Next Up

Republicans and Democrats in the House and Senate are attacking PBMs on all fronts. The hope is to release myriad bills, launch investigations (House Oversight Investigation & FTC study announced) with the hope that industry cannot block & tackle. As a reminder the pharmaceutical industry *supports* supply chain reform and is indirectly influencing language that digs into the PBM business model.

LIKELY OUTCOME: The HELP Committee (Chairman Sanders, I-VT) is expected to mark up a bill in early May. Our preview is below; it will likely echo Sec 306 of the 2019 *Lower Healthcare Costs Act*. At the end of the year, we expect some generic and biosimilar and even PBM transparency provisions to pass muster. The more onerous anti-PBM provisions will encounter some House GOP pushback due to the impact on small PBMs and expanded oversight by the agencies, such as the FTC as the aggregator of data.

Energy & Commerce will debate a PBM-focused bill this week (4/26). We expect to see a HELP (Chair Sanders, I-VT) bill markup as soon as the first week of May with an Insulin CEO/PBM CEO hearing scheduled for May 10. PBM transparency and other provisions that pass markup may be included in a larger Senate healthcare bill (end of the year package) with overall passage likely.

Generic reforms are low impact reforms regarding approvals, patents & access. On PBM, the Senate Finance committee is also working on its own anti-PBM bills, a bipartisan goal for Chair Wyden (D-OR) and Ranking Member Crapo (R-ID). With the number of anti-PBM reforms being considered by committees in both chambers, and the bipartisan nature of transparency and oversight, we expect some anti-PBM reform in 2023. Insulin reform – the Shaheen-Collins bill was updated last week -- also addresses rebating on insulin products, FDA review of biosimilars for biologics and CMS coverage of biosimilars.

»» Key Points

PHARMACY BENEFIT MANAGERS

Most PBM reform provisions are not brand-new policies. An updated Section 306 of the Murray-Burr 2019 *Lower Health Care Costs Act* (which later became the *Surprise Billing Act*) is expected to be reintroduced. A bipartisan House bill, the *Pharmacy Benefit Manager Accountability Act*, introduced by Reps. Ann Kuster (D-NH), Buddy Carter (R-GA), Anna Eshoo (D-CA), and Brett Guthrie (R-KY), echoes Section 306 policies and increases odds of passage as a House companion bill ...

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