

Legislative Landscape and Implications for Benefits Advisors



With the increased scrutiny on pharmacy benefits managers (PBMs) and questions around their practices and policies, there have been numerous recent legislative proposals for a range of potential reforms. Though it's uncertain which proposals are moving forward, and other recommendations are also likely to emerge, what is clear is that **employers and their pharmacy plans will experience impacts if any of them are enacted**. Here's what benefits advisors need to know about potential PBM reform.

Key Themes in PBM Reform

1 Transparency/Disclosure Requirements

What It Is: Mandates PBMs to disclose pricing structures, rebates, per-member-per-month fees, and discounts.

2 100% Rebate Pass-Throughs

What It Is: Requires PBMs to pass all negotiated manufacturer rebates directly to the employer.

3 Point-of-Sale Rebates

What It Is: Rebates applied directly at the point-of-sale (POS) to reduce members' out-of-pocket costs for high-cost medications.

4 Spread Pricing

What It Is: Restricts PBMs from charging more than the actual cost of a drug and pocketing the difference (spread).

5 Steering

What It Is: Restricts PBMs from referring patients to fill prescriptions at specific owned or affiliated pharmacies.

Implications for Benefits Plans

- Legislative changes could reduce or reshape employer costs but could also mean having trade-offs in the form of costs shifting elsewhere.
- While some reforms offer direct member benefits (e.g., POS rebates), they may impact other areas such as an employer's ability to use rebates to offset overall plan premiums.
- Broader pharmacy networks may provide members with more choice, however it can also potentially lead to higher costs.

Key Takeaway for Benefits Advisors

Understanding that PBM reform is complex and could involve unexpected trade-offs is **critical** to helping employers evaluate potential plan design impact, and offer **solutions**. Increased transparency requirements, like disclosing rebates, could potentially lead to higher premiums for employers if PBMs opt to find other ways to recoup losses. Encourage clients to evaluate their pharmacy benefits **beyond the surface savings**, factoring in long-term cost management and member impact.

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