

Lina Khan, Chair
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

May 23, 2022

Dear Chair Khan:

On behalf of the millions of patients, consumers, and taxpayers that our organizations represent, we applaud the Federal Trade Commission (FTC) for its efforts to ensure the role pharmacy benefit managers (PBMs) in the pharmaceutical supply chain supports the best interests for the health care of U.S. patients. In response to the FTC's call for public comment on "the ways that large, vertically integrated PBMs are affecting drug affordability and access", we wish to highlight the negative impact that key PBM business practices have had on prescription access, depriving consumers of lower-cost treatment options and increasing patient, taxpayer and health system costs.

The impact of relationships between PBMs and health plans has increased patient costs through the ability of the PBM to influence a health plan's decision to move low-cost medicines to formulary tiers with higher patient out-of-pocket costs. This shifting of generics and biosimilars to formulary tiers with higher cost-sharing causes patients to pay more than necessary for their medicines -- in some cases the full cost, on top of their health insurance premiums. In fact, these shifts to higher tiers occur even as generic drug prices fall. This paradox suggests PBM behavior motivates plans to use tier placement as a revenue generator via increased copays for inexpensive products.

Moreover, PBMs often prefer brand products with higher costs and block access to lower-cost alternatives. This stems from their ability to generate additional revenue through rebates and other fees that are based on high list prices. Because patient out-of-pocket expenses are often based on those inflated list prices, these practices directly result in greater costs to patients and consumers.

For instance, rebates can be used to block competition through pernicious "rebate traps", where the manufacturer of an originator product may withdraw or threaten to withdraw the rebates on a basket of products in the event that the health plan offers the option of a biosimilar or generic in place of the reference product. This trend in rebate-seeking behavior from PBMs ignores savings and prevents patients from benefitting from new, lower-cost competition.

Today's PBM practices too often deprive patients, taxpayers and the health system of the ability to benefit from lower-cost treatment options while increasing their expenses. We urge the FTC to investigate anticompetitive practices within the PBM industry that harm access to pharmaceutical care. We look forward to working with the FTC to ensure affordable medicines are available for patients and consumers across the country.

Thank you for considering our views,

Advocacy & Awareness for Immune Disorders Association

Allergy & Asthma Network
ALS Association
American Behcet's Disease Association
American Consumer Institute
Cancer *Care*
Center for Freedom & Prosperity
Consumer Action
Dysautonomia International
Global Healthy Living Foundation
International Foundation for AiArthritis
National Consumers League
Taxpayers Protection Alliance
U.S. Pain Foundation