

March 5, 2025

The Honorable Susan R. Donovan  
Chair, House Committee on Health and Human Services  
2 Rego Avenue  
Bristol, Rhode Island 02809

Re: HB 5498 – NCPA supports

Via email: [HouseHealthandHumanServices@rilegislature.gov](mailto:HouseHealthandHumanServices@rilegislature.gov)

Dear Chair Donovan and Members of the Committee:

The National Community Pharmacists Association is writing to express its strong support for HB 5498, which would help control drug costs in Rhode Island's Medicaid program, provide transparency for patients, employers, and the State regarding its prescription drug benefits program, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

NCPA represents the interest of America's community pharmacists, including the owners of nearly 19,000 independent community pharmacies across the United States and about 18 independent community pharmacies in Rhode Island. These pharmacies employed approximately 194 individuals and they filled nearly 1.1 million prescriptions in 2023.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

HB 5498's prohibition of spread pricing will improve transparency and save the state's Medicaid program money. Spread pricing can end up costing state Medicaid programs millions of dollars in overcharges, as officials in Ohio, Kentucky, and other states have found after investigating the PBMs serving state-funded benefit plans.<sup>3</sup> This critical transparency provision will ensure payers' and patients' health care dollars are actually going towards their care, instead of into PBMs' pockets.

<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

<sup>2</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

<sup>3</sup> Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>. Kentucky Department for Medicaid Services, *Medicaid Pharmacy Pricing: Opening the Black Box* 5, 8 (Feb. 19, 2019), [https://chfs.ky.gov/agencies/ohda/Documents1/CHFS\\_Medicaid\\_Pharmacy\\_Pricing.pdf](https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf).

NCPA also supports the bill's enforcement provisions, including the requirement for the Department of Insurance to promulgate rules. We agree the Office of the Insurance Commissioner is the appropriate oversight authority. That said, we also appreciate the inclusion of the Attorney General in this section, recognizing the roles both the Attorney General and Insurance Commissioner can play in the enforcement of PBM regulation.

We urge you to advance HB 5498. We thank the bill sponsors for recognizing the importance and value of transparent cost-based pharmacy reimbursement. Thank you for receiving our perspective. If you have any questions, please do not hesitate to contact me at [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org) or (703) 600-1186.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive, flowing style.

Joel Kurzman  
Director, State Government Affairs

CC: Honorable Members of the House and Human Services Committee

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