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**Connecticut State Medical Society Testimony in Support of
House Bill 5343 AN ACT REDEFINING "THIRD-PARTY
ADMINISTRATOR " TO INCLUDE PHARMACY BENEFITS MANAGERS.
Insurance And Real Estate Committee
February 14, 2019**

Senator Lesser, Representative Scanlon and members of the Insurance and Real Estate Committee, on behalf of the physicians and physicians in training of the Connecticut State Medical Society (CSMS), thank you for the opportunity to provide this testimony to you today in support of **House Bill 5343 AN ACT REDEFINING "THIRD-PARTY ADMINISTRATOR" TO INCLUDE PHARMACY BENEFITS MANAGERS.**

CSMS believes that Pharmacy Benefit Managers (PBMs) need to be regulated by the State of Connecticut in a similar matter as other third-party administrators, especially considering the significant financial impact that medications now have on the cost of health care services and health insurance coverage in Connecticut. We further believe that because of the significant negotiations and rate adjustments that occurs almost daily with medications, both brand name and generics, on behalf of pharmaceutical companies, health insurers and pharmacies, with PBMs right in the middle of the fray, that more attention to their business practices and their services are required in Connecticut.

We have seen an explosion of costs associated with pharmaceuticals in the last decade, especially in the last few years, and it is very hard to understand and determine where those added costs have gone given the often-complex pharmaceutical pricing, distribution and delivery market structure in place in this country.

PBMs are squarely in the middle of this model. Many own or are owned by health insurers, pharmacies and clinics around the country and even right here in Connecticut, making the need for transparency and regulation particularly acute.

As a result, CSMS strongly supports House Bill 5343 to better evaluate and regulate PBMs to prevent any potential abuse of patients, employers or payors of health care services or health insurance. In addition, CSMS further believes it should be clear in regulation that PBMs must report on their Connecticut business practices by insurer, by payor and by pharmacy to better understand their complex relationship within the health care delivery system.