

COMMITMENT to SENIORS

May 20, 2024

The Honorable Dick Durbin, Chairman
Senate Committee on Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Lindsey Graham, Ranking Member
Senate Committee on Judiciary
224 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Durbin and Ranking Member Graham:

This week, the Senate Judiciary Committee will hold the hearing on "Ensuring Affordable & Accessible Medications: Examining Competition in the Prescription Drug Market." I am writing to bring your attention to a critical issue affecting patients and seniors nationwide: the harmful impact of the vertically integrated healthcare conglomerates on the prescription drug market, whose business practices necessitate urgent legislative oversight and reform. This is particularly true as it relates to the large Pharmacy Benefit Managers (PBMs) owned by today's handful of massive health insurance companies.

While many lawmakers misguidedly argue that patent abuses are a primary source of higher prices for patients, the true culprits behind high costs at the pharmacy counter are large insurer-PBM middlemen who, under an exemption to the Anti-Kickback Statute, often pocket large pricing rebates instead of passing them on to patients as intended. In fact, even though wholesale drug prices paid by big insurer-PBMs have been going down, prices set and charged to patients by these same insurer-PBMs keep going up. All of which is why it is now often cheaper to pay cash for medicines than to use insurance.

Meanwhile, misguided policies that undermine patent protections, such as proposals to politicize the Bayh-Dole Act's "March-In" provision or government price controls, will only hinder public-private collaboration and investment and decrease access to lifesaving treatments.

This past year, Congress rightly began to focus on the overwhelming influence of large insurer-PBMs in the U.S. healthcare system. Today, a handful of these conglomerates wield massive control, manipulating government programs for significant profits, collecting [hundreds of billions](#) in rebates, improper payments, and subsidies annually. The result? Unnecessarily high drug costs, skyrocketing insurance premiums and out-of-pocket costs, and ultimately, diminished quality of care for patients.

Sadly, the voices of patients and older Americans are now often overlooked. AARP, a supposed advocate for seniors, has sat largely silent while critical reforms and debates have been tabled. For older Americans questioning why AARP has not visibly championed bipartisan PBM reforms, called out insurers for rising premiums, or addressed billions in Medicare overcharges, a recent [report](#) from Juniper Research Group shows AARP has received over 8 billion dollars in revenue via UnitedHealth Group has only heightened concerns that our healthcare system is being abused.

While Commitment to Seniors applauds the Senate Judiciary Committee's intent to make prescription drugs more affordable, we urge you to address the threats posed by the handful of insurer-PBM giants that control so much of today's healthcare system, enjoy an exemption from the federal Anti-Kickback Statute, and continue to drive up prices for patients.

Sincerely,

Phil Kerpen, President
American Commitment