



July 23, 2024

Via Electronic Delivery

The Honorable James Comer
Chairman
House Committee on Oversight and
Accountability
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Jamie Raskin
Ranking Member
House Committee on Oversight and
Accountability
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Comer and Ranking Member Raskin:

On behalf of the Coalition Against Socialized Medicine (CASM), I want to thank you for holding the [upcoming hearing](#) on the role of Pharmacy Benefit Managers (PBMs) in our healthcare system and the importance of transparency and accountability. These anti-competitive, vertically integrated giants have grown to dominate the healthcare market, and as the Federal Trade Commission (FTC) [recently found](#), use their outsized control to increase patients' prescription drug costs and hurt independent pharmacies.

As a true believer in the free market, I can confidently say there is no place for these monopolistic behemoths in American healthcare. Free markets only exist insofar as consumers can make educated decisions within the marketplace. When an industry lacks transparency and limits choices, as is the case with PBMs, the legislature must step in to ensure the public is adequately protected. I strongly urge the committee and all Members of Congress to look into the harmful practices of these corporate middlemen and take the appropriate steps to curb their power by increasing transparency requirements and restoring competition.

If you would like to learn more about the increasing need for increased PBM oversight, I invite you to read my recent [Newsmax](#) opinion piece at the bottom of this letter.

Sincerely,

Andrew Langer
Executive Director
Coalition Against Socialized Medicine (CASM)

[Langer: Congress Has an Obligation to Rein in PBMs](#)

Newsmax

By Andrew Langer

July 18, 2024

It's no secret by now that pharmacy benefit managers (PBMs) use [underhanded practices](#) to warp the free market, fleecing patients in order to line their own pockets.

These drug middlemen [employ](#) anti-competitive, opaque tactics to drive up patient costs and limit prescription drug access.

The upcoming [House Oversight Committee hearing](#) on July 23 presents a prime opportunity for Congress to examine PBM practices that have broken our healthcare system closely.

With truth on their side, it is a fundamental imperative that lawmakers sharply curb the power of PBMs to protect patients and stand up for free market values.

PBMs have grown to dominate the prescription drug market. A recent [Federal Trade Commission \(FTC\) report](#) focused on the vertical and horizontal concentration in the PBM market found that the six largest PBMs manage almost 95% of all prescriptions filled in the U.S.

This has allowed these intermediaries to transform into cronyist rent-seekers who prioritize siphoning as much money out of the pockets of patients as they can, [reportedly](#) overcharging cancer patients for treatments and running small pharmacies (which are essential components of rural healthcare) out of business.

While the sheer dominance of the six largest PBMs is concerning, the power of the top three alone, which process nearly [80%](#) of the nation's drug claims, should sound sirens for any true believers in the free market.

Each of the "Big Three" also exists under the umbrella of a massive healthcare conglomerate — CVS Health, Cigna, and UnitedHealth Group (UHG).

The [world's largest](#) insurance company, UHG, is particularly dominant. The nearly [\\$400 billion](#) umbrella company controls over [2000 subsidiaries](#), including home health providers, surgery centers, physician groups, a bank, and PBM OptumRx.

[Branded](#) by Sen. Roger Marshall, R-Kan., the "Standard Oil of healthcare," UHG is a prime example of healthcare consolidation and market control to the extreme.

Breaking up Standard Oil revolutionized consumer access to energy in the United States —consider what it could do for prescription drugs!

What's to blame for the influence UHG and other big insurer-PBMs now wield?

One thing is for certain: companies cannot accumulate this much power on their own.

They rely on political partnerships with powerful individuals to skirt rules and regulations that exist to protect the free market. To cite one obvious example, *PBMs are [exempt](#) from anti-kickback corruption laws.*

In a medical world where the interplay between drug companies and medical practitioners is tightly controlled, this seeming loophole must be sewn shut.

Other forms of these shady alliances are more covert, and they involve two other major players: AARP and left-wing politicians willing to enable PBM practices in exchange for political and financial support.

So, how does this partnership work?

To start, UHG pays "royalty fees" to AARP. While the term "royalty" may invoke the idea of a small portion of total profits, from 2007-2017, the AARP raked in more than [\\$5.3 billion](#) tax-free from UHG.

This massive amount of funding serves as the base of the [unholy alliance](#). With those critical funds in hand, the AARP, which claims to advocate on behalf of seniors, turns around and backs the Democrats' agenda and liberal politicians — regardless of what that means for those they claim to represent.

Unfortunately for those seniors, this meant spending over [\\$60 million](#) on advertisements advocating for the passage of Biden's disastrous Inflation Reduction Act (IRA).

This wasteful spending bill [raided Medicare](#), a key program for seniors, to fund green energy projects and has been deemed unsuccessful by a [majority](#) of voters.

This unpopularity doesn't matter to the winners of the IRA.

Regardless of how patients feel about the law, the big insurer-PBM giants helped the Democrats achieve this "victory" and now reap the benefits of the financial windfall the law provides and receive cover from antitrust scrutiny. Moreover, AARP sold out to allow this to happen.

The upcoming House Oversight Committee hearing provides an opportunity for members to scrutinize PBM practices and partnerships. PBMs operate in anything but a free market and do anything but fulfill their original purpose — driving costs down.

Members of the committee must seize this chance to publicize the truth about PBM practices and then enact much-needed legislation to halt them.

Cronyism always harms consumers — whether it be their pocketbooks or their physical health. When it comes to PBMs, it does both, and Congress has an obligation to do something about it.

An obligation, and now a golden opportunity. It's our sincere hope that they will seize that opportunity and solve this problem, now and for all.

Andrew Langer is director of the CPAC Foundation's Center for Regulatory Freedom and Executive Director of the Coalition Against Socialized Medicine (CASM).