

Dear Nevada State Legislators:

As the 83rd Session of the Nevada Legislature gets underway, we, the undersigned organizations, strongly encourage you to prioritize legislation that will lower prescription drug costs for Nevada citizens. Specifically, we urge you to pass [SB 149](#), [SB 316](#), and [SB 389](#) that will address the anti-consumer business practices of pharmacy benefit managers (PBMs) and end their indefensible profiteering at the expense of Nevada's patients and consumers.

We represent our state's patients, seniors, providers, and pharmacists and over the last few years have done extensive research on PBM business practices and have compiled evidence of their manipulation of the prescription drug pricing system. What we have learned about PBMs through this process is disturbing and calls for immediate action by the Nevada State Legislature. Specifically:

- Six PBMs control over 90% of the prescription drug marketplace, creating a powerful oligarchy that avoids transparency and has evaded oversight. And through vertical integration with health insurers, health provider groups and group purchasing organizations, the PBMs are increasingly controlling the broad spectrum of American health care.¹
- PBMs use their control of drug formularies to push patients toward higher-priced drugs on which the PBMs have demanded sizeable discounts and rebates from manufacturers. At the same time, the PBM middlemen use those formularies to restrict access to less expensive alternatives, including generics and biosimilars.¹
- The Big 3 PBMs significantly marked up numerous specialty generic drugs by hundreds to thousands of percent when dispensed at their affiliated pharmacies. Between 2020 and 2022, 63% of these drugs were reimbursed at rates marked up by more than 100% over their estimated acquisition cost (NADAC), while 22% were marked up by more than 1,000%.²
- PBMs may be directing the most profitable prescriptions to their own affiliated pharmacies at the expense of independent and community pharmacies. Data shows that while 44% of all commercial specialty generic prescriptions were filled by PBM-affiliated pharmacies, this percentage rose to 72% for the most highly marked-up drugs (those with markups over \$1,000 per prescription). Such steering restricts patient choice, undermines competition, and drives up healthcare costs for consumers and plan sponsors.²
- The House Oversight Committee reports that PBMs, particularly the three largest ones (CVS Caremark, Express Scripts, and Optum Rx), manipulate formularies, rebates, and spread pricing to maximize their own profits at the expense of patients and taxpayers. This results in higher drug costs, making medications less affordable for Nevadans.³

¹ **Federal Trade Commission.** Pharmacy Benefit Managers: The Untold Inside Story of How PBMs Control Drug Prices and Harm Patients. Published October 2023. Accessed February 3, 2025.

https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf

² **Federal Trade Commission.** FTC releases second interim staff report on prescription drug middlemen. Published January 2025. Accessed February 3, 2025. <https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-releases-second-interim-staff-report-prescription-drug-middlemen>.

³ **U.S. House Committee on Oversight and Accountability.** Comer Releases Report on PBMs' Harmful Pricing Tactics and Role in Rising Health Care Costs. Published July 2024. Accessed February 3, 2025. <https://oversight.house.gov/release/comer-releases-report-on-pbms-harmful-pricing-tactics-and-role-in-rising-health-care-costs%E2%82%AC/>

- The House Oversight Committee report provides evidence that PBMs use opaque pricing schemes, such as spread pricing and hidden rebate structures, to overcharge state Medicaid programs and private insurers. For example, in Ohio, PBMs were found to have cost the state nearly \$225 million through spread pricing schemes. Similarly, the HHS Inspector General found that PBMs improperly kept \$23.3 million in spread pricing from Washington, D.C.'s Medicaid program. These findings suggest that Nevada taxpayers may be overpaying for prescription drug benefits due to PBM practices, reinforcing the need for stronger transparency regulations.³

Several PBM reform measures have been introduced in the Nevada Legislature that we would like your support of.

- [SB149](#): Medicaid Managed Care Reform Through PBM Transparency
 - State-Controlled PBM: Establishes a single state-contracted PBM to manage all Medicaid pharmacy benefits, ensuring uniform oversight and eliminating inconsistencies.
 - PBM Transparency & Accountability: Bans spread pricing and hidden DIR fees, mandates pass-through pricing, and requires all rebates to go directly to the state.
 - Fair Reimbursement & Pharmacy Protections: Prevents PBMs from forcing patients into mail-order pharmacies, protects independent & rural pharmacies, and ensures fair payment models.
 - Stronger Oversight & Enforcement: Implements state audits of managed care PBMs, \$25,000 daily fines for violations, and ensures all PBM contracts comply with state regulations.
- [SB 316](#): Comprehensive PBM Reform
 - Increased Transparency: Requires PBMs and health insurers to submit annual reports on prescription drug pricing, rebates, and administrative fees. The Commissioner of Insurance will publish reports on their impact.
 - Patient Choice Protections: Prohibits PBMs from forcing patients to use affiliated pharmacies when other network pharmacies are available and from engaging in reimbursement practices that steer patients toward their own pharmacies.
 - Rebate Pass-Through Requirements: PBMs must pass all drug manufacturer rebates to insurers, who are required to use these funds to lower premiums and reduce out-of-pocket costs for insured individuals.
 - Fair Out-of-Pocket Costs: Insurers cannot charge patients more in out-of-pocket costs than the net price they paid for a drug, and rebate funds must be used exclusively to lower premiums and cost-sharing obligations.
 - Protection Against Retroactive Denials: Prevents PBMs from retroactively reducing or denying pharmacy claims after they have been processed, ensuring fair compensation for pharmacies.
 - Enforcement & Penalties: Violations will result in civil penalties ranging from \$1,000 to \$7,500 per violation, with certain infractions classified as deceptive trade practices, leading to further legal and financial consequences.
- [SB 389](#): Medicaid Managed Care Reform Through PBM Transparency
 - Lowers Drug Costs: A state-managed PBM will negotiate better pricing and pass all rebates directly to Medicaid, reducing overall prescription costs.
 - Increases Transparency & Accountability: Eliminates hidden fees and spread pricing while requiring full financial disclosure of PBM operations.
 - Supports Independent & Rural Pharmacies: Ensures fair reimbursement rates to prevent small pharmacies from being driven out of business.

- Protects Patient Choice: Prohibits PBMs from forcing Medicaid beneficiaries to use specific or mail-order pharmacies.
- Keeps Public Funds in Public Hands: Shifts control of Medicaid pharmacy benefits from for-profit PBMs to the state, ensuring taxpayer dollars are spent on patient care.
- Proven Success in Other States: Similar reforms in Ohio and Kentucky saved hundreds of millions and improved Medicaid pharmacy oversight.

PBMs are under tight scrutiny by the media and governmental agencies. Recently the following reports and exposes have come to light pulling back the curtain on these middlemen and exposing the manipulation of the drug supply chain and anti-consumer business practices including:

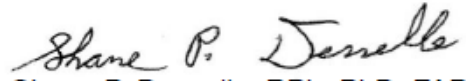
- The Federal Trade Commission (FTC) released their second report on PBM reform ([FTC Second Interim Staff Report](#)) which finds PBMs charge significant markups for cancer, HIV, and other critical specialty drugs. This report garnered quite a bit of coverage including this national coverage from [Good Morning America](#) (1/15/25) and [CNBC](#) (1/14/25).
- [FTC Releases Interim Staff Report on Prescription Drug Middlemen – Report details how prescription drug middleman profit at the expense of patients by inflating drug costs and squeezing Main Street pharmacies](#) (07/09/24)
- [House Committee on Oversight and Accountability: The Role of Pharmacy Benefit Managers in Prescription Drug Markets](#) (07/23/24) See Key Finding on Page 4 and 5.
- [Attorney General Aaron Ford: Pharmacy benefit managers under a microscope in Nevada \(07/29/24\)](#)
- New York Times three-part expose:
 - The Opaque Industry Secretly Inflating Prices for Prescription Drugs 6/21/24 (attached)
 - What to do if You're Overpaying for Prescriptions 6/21/24 (attached)
 - Have you Had Trouble Getting Your Medication? We May Want to Hear from You 6/21/24 (Attached)
- Wall Street Journal: Big Pharmacy Benefit Managers Increase Drug Costs, FTC Says 7/9/24 (attached)
- Opinion Editorial Reno Gazette Journal 2/26/25 Pharmacy Benefit Manager Reform Would be a Win for Nevada Patients:
<https://www.rgj.com/story/opinion/2025/02/26/pharmacy-benefit-manager-reform-would-be-a-win-for-nevada-patients/80311118007/>

As you can see this is an urgent matter and we implore you to take urgent and decisive action. Every day, patients – many of them seniors on fixed incomes – are paying significantly more out of their pockets than they should for the medicines they need. Too many people are cutting pills in half or forgoing their prescriptions altogether because they cannot afford them. People in Nevada are hurting because of our broken prescription drug pricing system.

We know that you and your colleagues have a great deal to accomplish in a very brief period of time. We ask that you make prescription drug affordability a priority in the 83rd Session of the Nevada Legislature and pass meaningful PBM reforms that will significantly improve the lives of Nevadans.

We would welcome the opportunity to meet with you in person or virtually to discuss PBM reform legislation in greater detail. We look forward to working with you to advance meaningful reform and help Nevadan's afford their prescription medications.

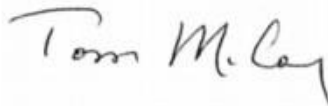
Sincerely,



Shane P. Desselle, RPh, PhD, FAPhA
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Director of Public Policy
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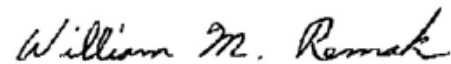
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