



Tennessee Pharmacists Association

VOTE YES on SB 881/HB 1244

PBM Reform Provisions to Ease the Burden on Pharmacies

WHAT ARE PHARMACY BENEFIT MANAGERS?

Pharmacy Benefit Managers, or PBMs, are third party administrators contracted by health plans, employers, and government entities to manage prescription drug programs on behalf of health plan beneficiaries.

- PBMs determine which pharmacies will be included in a prescription drug plan's network and how much those pharmacies will be paid for their services.
- PBMs determine which medications will be covered by the plan or plan formulary, and drug manufacturers often pay "rebates" to PBMs to get their drugs onto those formularies.
- Today, three large companies – Express Scripts, CVS Health, and OptumRx – cover more than 238 million lives, or roughly 89 percent of the national market. Their annual revenues nationally were a staggering \$100.5 billion, \$177.5 billion, and \$60.4 billion in 2016, respectively.

HOW WILL SB 881/HB 1244 REIN IN PBMS?

This bill introduces critical ongoing reforms to enforce PBM accountability and protect patient access to medications:

- **Proper Enforcement & Discipline for PBMs** – Despite existing regulations, PBMs continue engaging in noncompliant and unfair practices with little consequence. SB 881/HB 1244 ensures stronger enforcement measures and penalties for violations, deterring bad behavior and protecting pharmacies.
- **Ensuring Prompt Payment for Clean Claims** – Current Tennessee insurance laws mandate timely payment for clean claims, but PBMs are not held to the same standard. This bill closes the loophole, ensuring PBMs reimburse pharmacies on time for properly submitted claims, preventing unnecessary financial strain on pharmacies.

WHY ARE REVISIONS TO THE LAW NECESSARY?

PBMs operate with minimal oversight, harming patients, pharmacies, and healthcare costs. These legislative updates are necessary to:

- **Close Enforcement Gaps** – PBMs frequently skirt regulations without consequences. Stronger oversight ensures compliance.
- **Protect Pharmacy Sustainability** – Delayed or unfair reimbursements force pharmacies, especially independent and rural pharmacies, to close, limiting patient access.