



## News for Immediate Release

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### **Auditor General DePasquale Applauds Action on Bill to Stop ‘Gag Clauses’ Imposed by Pharmacy Benefit Managers**

**HARRISBURG** – Auditor General Eugene DePasquale today applauded the General Assembly for sending House Bill 943 to the governor’s desk. The bill would stop pharmacy benefit managers (PBMs) from imposing gag clauses on pharmacists, which can result in consumers paying more for their prescriptions.

“As I’ve warned for years, gag clauses ultimately prevent pharmacists from giving customers practical advice on how to save money on their prescriptions,” DePasquale said. “In some cases, consumers might save money by paying cash instead of using their insurance – but gag clauses stop pharmacists from volunteering that helpful advice unless a customer specifically asks.”

DePasquale has produced two special reports on PBMs, which act as middlemen between drug manufacturers and pharmacists. PBMs hold considerable power over the marketplace: they set reimbursement rates for pharmacists, collect rebates from drug manufacturers and often decide which medications are covered by insurance.

The nation’s three largest PBMs report billions of dollars in annual revenues. Pennsylvania taxpayers paid \$2.86 billion to PBMs for services provided to Medicaid enrollees in 2017 alone, DePasquale noted, adding that there is too little transparency around how PBMs operate.

In January, DePasquale [called for action](#) on legislation to prohibit gag clauses and a separate bill that would give the Auditor General the ability to review contracts between PBMs and managed care organizations. That second bill is still awaiting action in the state Senate.

“Increasing the transparency of how PBMs operate and accountability for the tax dollars they receive could go a long way toward reducing the cost of prescriptions,” DePasquale said.

Independent pharmacists have long complained that rules imposed by PBMs, some of which have business relationships with large chain pharmacies, have made it hard for them to compete. Pennsylvania Pharmacists Association data show that dozens of independent pharmacies in Pennsylvania closed or were sold in the past 18 months.

“In many communities, independent pharmacies are where many residents turn first for health care,” DePasquale said. “When small pharmacies close, consumers pay the price.”

DePasquale released a special report on [Bringing Transparency & Accountability to Drug Pricing](#) in late 2018. He followed up in early 2019 with a special report on [how rebates drive up prescription drug cost for consumers](#).

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