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NCOIL COMMITTEE DISCUSSES LIKELY REGULATION OF PHARMACY BENEFIT MANAGERS (PBMs)

Need to Protect Consumers, Ensure Fair Business Practices

Manasquan, NJ – The NCOIL Health, Long Term Care and Health Retirement Issues Committee met at the 2018 NCOIL Spring Meeting in Atlanta, GA and heard from a variety of interested parties about Pharmacy Benefit Managers (PBMs) and the potential need for a model law that would give authority for regulation to state insurance commissioners.

This issue was raised by AR Sen. Jason Rapert where it has been an issue in his state of Arkansas, where PBMs are currently unregulated and there is a special session to examine potential solutions.

“Up until now, the PBMs have been playing streetball and it is time for a referee” said Rapert. “Insurance companies are overseen by insurance departments, pharmacists are overseen by pharmacy boards, and doctors are overseen by medical boards. This is to ensure consumers and patients are protected and companies are sound and solvent. I believe PBMs need to be regulated to ensure customers are protected and costs are contained.”

There was a large cross section of interested parties that offered testimony during the committee meeting including Scott Brunner, National Community Pharmacists Association; Scott Pace, Arkansas Pharmacists Association; Leanne Gassaway, AHIP; Lauren Rowley, PCMA, and Russ Galbraith, Chief Deputy Commissioner at the Arkansas Department of Insurance.

“NCOIL began a robust discussion that will continue through stages as a model law is developed over the course of the year. All interested parties will have an opportunity to be heard” said Commissioner Tom Considine, NCOIL CEO. “As the model is developed and debated, it will reflect the need to protect consumers and patients.”

“I understand that PBMs may bring value to the process, but left unregulated, it seems clear that their conduct has in many instances become excessive and needs to be reined in,” concluded Rapert, who is also NCOIL President and committed to a fully inclusive process of deliberations and negotiations.

The discussion will continue during the Summer Meeting in Salt Lake City from July 12 – 15 at the Little America Hotel. Registration will open in April.



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NCOIL is a legislative organization comprised principally of legislators serving on state insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance and financial services, works to both preserve the state jurisdiction over insurance as established by the McCarran-Ferguson Act seventy years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues.