



February 9, 2024

Senator J.D. Mesnard
Chairman
Senate Finance and Commerce
Committee
Arizona State Capitol Complex
1700 W. Washington St.
Phoenix, AZ 85007

Senator Shawna Bolick
Vice-Chairman
Senate Finance and Commerce
Committee
Arizona State Capitol Complex
1700 W. Washington St.
Phoenix, AZ 85007

Re: Support of SB 1165 – Critically Needed PBM Reforms

Dear Senator Mesnard and Senator Bolick,

The National Association of Chain Drug Stores (NACDS) is pleased to offer our support for Senate Bill 1165. This legislation includes important reforms to strengthen Arizona’s laws for pharmacy benefit managers (PBMs) – the companies that manage prescription benefits on behalf of health plans – by curbing unfair and anticompetitive business practices that enrich PBMs at the expense of patients and their pharmacies.

Importantly, Senate Bill 1165 would prohibit PBMs from deploying discriminatory reimbursement practices that favor pharmacies affiliated with and under common control of the PBM over other, nonaffiliated, network pharmacy providers. By prohibiting PBMs from reimbursing a nonaffiliated pharmacy in an amount that is less than what the PBM reimburses an affiliated pharmacy for the same product, this bill would support fairer and equitable reimbursement practices for all pharmacy providers – not only those under common ownership of the PBM.

Senate Bill 1165 also includes provisions that would strengthen the state’s existing laws for audits conducted by PBMs, preventing PBMs from engaging in audit practices that penalize pharmacy providers for clerical or administrative issues on claims for covered medications that otherwise are payable. In doing so, these PBM reforms would help stop ongoing PBM business practices wherein the auditing PBM reverses, or “claws back,” payments to pharmacies on these types of claims.

Altogether, the PBM reforms encompassed in this bill are needed to protect pharmacy providers from the abusive PBM business practices that can jeopardize the sustainability of providing pharmacy services and ultimately patient access to care. The public relies on neighborhood pharmacies for access to important healthcare services like health screenings, disease management, vaccinations, testing services, and patient counseling, as well as for essential medication access. PBMs shape patients’ access to this type of care at their local pharmacies. Putting an end to PBM abuses is good for patients and will protect neighborhood pharmacies. ***For these reasons, we urge Arizona lawmakers to vote in support of SB 1165.*** For questions or further discussion, please get in touch with Sandra Guckian, Vice President, State Pharmacy & Advocacy, at sguckian@nacds.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer
National Association of Chain Drug Stores

Cc: Members of the Arizona Senate Finance and Commerce Committee

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NACDS represents traditional drug stores, supermarkets and mass merchants with pharmacies. Chains operate over 40,000 pharmacies, and NACDS' member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 900 supplier partners and over 70 international members representing 21 countries. Please visit NACDS.org.