

SUPPORT HB 1237 COMPETITIVE PBM MARKETPLACE

Rep. Susan Lontine, Rep. Janice Rich
Sen. Dominick Moreno, Sen. Barbara Kirkmeyer

Background

Pharmacy Benefit Managers (PBMs) came into existence to create savings for the consumer and streamline how they get their medicines. But a flawed process allows PBMs to pocket a large portion of the negotiated savings instead of passing them on to the patients as intended.

PBM Reverse Auction

HB 1237 would establish a modernized, transparent, and dynamic process for PBMs to compete against each other to offer competitive bids for contracts with the state of Colorado. By deploying cutting edge technology it will enable an apples-to-apples comparison of the cost of each PBM's pricing proposal. Additionally, the bill would audit invoices submitted by PBMs to the state in real time, guaranteeing the state is holding PBMs to their contract and not overpaying for prescriptions.

Savings to the state

This bill will meaningfully bring down costs without reducing employee benefits. It brings an innovative, free-market approach that yields significant savings by creating competition between PBMs and passing the savings through to the consumer and taxpayers. According to initial estimates, this process would save the state between \$6.7 million - \$10.24 million annually. The bill allows county, municipal, and private employers to participate in the reverse auction process, extending savings to employers across Colorado.

For more information contact:
Adam Eichberg at 303.204.6930 or Aly Schmidt at 970.214.4231

Reining in Rx Costs

Who are PBMs?

PBMs manage the prescription drug benefit for public and private health plans, negotiating rebates with drug manufacturers, and establishing reimbursement rates paid to pharmacies for filling prescriptions.

House Bill 1237

creates a transparent marketplace where PBMs compete with each other to win award of a state contract by bidding over multiple rounds to provide the benefits we want at the lowest price.

Support for HB 1237

The bill has broad bipartisan support from the following organizations:
Colorado AFL-CIO, Americans for Prosperity Colorado, The Bell Policy Center, Colorado Consumer Health Initiative, Colorado Rising Action, Colorado AFT, Colorado WINS, Healthier Colorado.

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