

Madame Chairman Lontine and esteemed members of the Committee. My name is Helen Kelly; I live in Erie. I am here to encourage bipartisan support for HB20-1160, Drug Price Transparency Insurance Premium Reductions.

This bill, importantly and urgently, illuminates profiteering by middle men on the road from pharmaceutical manufacturer to payer, and aims to regulate the three legged stool on which vested-interest profiteers sit: rebate, spread pricing and gag orders. Here's what that looks like.

Pharmacy Benefit Managers are powerful. They negotiate discounts, agree rebates rates and manage formularies. Rebates are tied to the manufacturer's list price of the drug; the more costly the drug, the higher the PBM rebate. Rebates are not publicly disclosed, despite that choosing high-price drugs and raising them a tier or more enhances the rebate bottom lines by orders of magnitude, all at the cost of countless lives. Since PBMs decide which drugs insurers provide, effectively they influence co-pay and deductible impact on consumers, and ultimately shape consumers' access to medication. To give you some idea of the growing power of PBMs and rebate levels, in 2012 PBM rebates were \$39.7 billion; in 2016, fPBM rebates were \$89.5 billion.

PBMs decide and manage rebates to pharmacies. Spread pricing is privately juggling pharmacy rebates. Example: Two PBMs billed Medicare \$2.5 billion, reimbursed pharmacies \$2.3 billion and enjoyed a quick \$200 million.

Gag orders are lids on information. A gag order, imposed by a PBM, forbids a pharmacist from advising customers that buying a drug for cash may be somewhat to very much less expensive than buying the drug via insurance.

Thus the urgency of bipartisan support for the bill you are considering today. Of course the realist in me knows: initially transparency may cause PBMs to appear to pass along rebates while manufacturers raise list prices and insurers raise premium prices. Nevertheless, passage of this Bill will make millions of Coloradans aware of the inflated drug supply chain and needless price hikes that ensue; it will rouse voters to elect and re-elect those who vote Yes on bills like these. Electing the right people will become an urgent priority.

For those reasons and many more, I urge you to vote unanimously in favor of HB2-1160 and thereby take one step toward universal well-being and whole family health for all Coloradans.

Helen Kelly. 747 Pope Court Erie CO 80516  
857 222 6607 helenkellyltd@aol.com