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National Association of Insurance Commissioners
Pharmacy Benefit Manager Regulatory Issues (B) Subgroup
444 North Capitol Street NW, Suite 701
Washington, D.C. 20001

July 25, 2023

Attention: Jolie Matthews
Re: PBM Regulatory Issues (B) Subgroup's Draft PBM White Paper | Healthcare Distribution Alliance
Comments

Chairman Keen and Honorable Members of the NAIC PBM Regulatory Issues (B) Subgroup:

On behalf of the Healthcare Distribution Alliance (HDA), thank you for the opportunity to provide additional comments on the Subgroup's White Paper. Again, while we understand the Subgroup is looking to finalize their work, we respectfully request your consideration of the below change to ensure the report's accuracy. Our additional comments and suggestions can be found in the previous comment letter submitted on June 1, 2023.

1. Page Nine, F (Pharmacy Services Administrative Organizations):

F. PHARMACY SERVICES ADMINISTRATIVE ORGANIZATIONS (PSAOs).

Pharmacy Services Administrative Organizations (PSAOs) are organizations that provide administrative services to independent pharmacies to support the evaluation and execution of a contract with PBMs ~~or wholesalers~~.²⁹ In the majority of cases, an independent pharmacy's contract is with the PSAO, rather than with the PBM directly. The PSAO overall administrative function is to assist with contract evaluation and execution, customer service, central payment and reconciliation, and patient data evaluation.³⁰ In ~~many three~~ instances a PSAO is owned by a wholesaler.³¹

Pharmacy Services Administrative Organizations evaluate and execute contracts with PBMs. However, PSAOs do **not** evaluate and execute contracts with wholesalers. When it comes to understanding the supply chain, accuracy is critical. Including wholesalers as an entity that PSAOs contract with is simply inaccurate. The paper cites pages 34 and 41 of the U.S. Senate Committee of Finance's 2018 Report entitled "[A Tangled Web](#)" as a reference for the description of PSAOs, however these pages do **not** include wholesalers in the definition or description of PSAOs. We request that NAIC bring this section of the paper into alignment with the report cited and with the day-to-day functions of a PSAO by striking out wholesalers from the definition, per our redline request above. This change will ensure the accuracy of the report.

²⁹ "A Tangled Web", at p. 34, 41.

³⁰ *Id.*

³¹ Wisconsin's "Report of the Governor's Task Force on Reducing Prescription Drug Prices, p. 19.

HDA appreciates the significant time the Subgroup has taken to gather information and understand the supply chain. With the inclusion of the changes suggested above, we believe the white paper will accurately reflect both the role of the wholesale distributor and the PSAO within the supply chain.

As always, we are happy to answer any questions or provide any further information to support your effort. Please reach out to Will Dane at wdane@hda.org or (571) 287-3020.

Thank you,

A handwritten signature in black ink that reads "Will". The signature is written in a cursive style and is positioned above the printed name.

Will Dane
Director, State Government Affairs
Healthcare Distribution Alliance