



Healthcare Distribution Alliance

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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

June 1, 2023

Attention: Jolie Matthews

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

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

On behalf of the Healthcare Distribution Alliance (HDA), thank you for the opportunity to provide comments on the Subgroup's White Paper. We recognize this is the culmination of thorough discussion and consideration of various stakeholders' positions over a significant period of time. In the spirit of making the final product as accurate as possible, we have a few clarifying comments for your consideration.

1. Page Seven, Number Six (Pharmacy Services Administrative Organizations):

**6. 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 health plans or wholesalers**. The PSAO's overall administrative **function is may include, but is not limited to,** assisting with contract evaluation and execution, customer service, central payment and reconciliation, and patient data evaluation. In **many-some** instances a PSAO is owned by a wholesaler.*

The evaluation or execution of contracts by PSAOs pertains to contracts with PBMs, not PBMs and wholesale distributors. PSAOs do not execute pharmacy contracts with wholesale distributors. Further, we respectfully want to note that various PSAOs offer different administrative services to their pharmacy customers and suggest clarifying language to ensure it is understood these functions are not necessarily limited. Finally, wholesaler aligned PSAOs account for three PSAOs, while there are at least three PSAOs not owned by wholesale distributors.

2. Page Nine (Pharmacy Benefit Chain: PBM and PSAO)

**PBM and PSAO**

*The PSAO assists the pharmacy in negotiating with the PBMs for reimbursement rates. Most reimbursement rates are set based on a percentage **discount off of** AWP and are applicable to all drugs **based on brand or specialty status in a specific category, such as generic or brand,** and are not negotiated on an individual drug basis.*

Reimbursement rates are set on a percentage discount off (minus) AWP. Second, specialty drugs are frequently listed on a separate addendum or agreement which may be specific to an individual drug.

Again, we appreciate the significant time the Subgroup has taken to gather information and understand the supply chain and appreciate the opportunity to both present and comment as an interested stakeholder. Ultimately, with the above suggestions, we believe the white paper has accurately captured both the role of the wholesale distributor and the PSAO within the supply chain.

As the Subgroup finalizes the report, we stand ready to help answer any questions or provide any further information to support your effort. Please reach out to Will Dane at [wdane@hda.org](mailto:wdane@hda.org) or (571) 287-3020.

Thank you,

A handwritten signature in cursive script that reads "Will".

Will Dane  
Director, State Government Affairs  
Healthcare Distribution Alliance