



# Building on Recent Pharmacy Benefit Manager (PBM) Reforms to Improve Drug Affordability and Transparency

## Recognizing Progress in PBM Reform

Congress recently enacted significant PBM reforms through the Consolidated Appropriations Act, 2026 (H.R. 7148), including enhanced transparency requirements and strengthened federal oversight authority. Importantly, the legislation achieved the delinking of PBM compensation from the price of a drug in Medicare Part D, requiring that PBMs receive only bona fide service fees and fully pass through manufacturer rebates and price concessions to plan sponsors.

These reforms mark important progress toward increasing accountability within the prescription drug supply chain. The American Medical Association and its Medical Student Section appreciate the bipartisan effort to modernize PBM oversight and advance drug affordability reform.

## Market Concentration and Ownership Structures Raise Ongoing Concerns

Despite recent reforms, major structural concerns within the PBM marketplace remain. According to the Federal Trade Commission's Report, just four PBMs — OptumRx, CVS Health, Express Scripts, and Prime Therapeutics — controlled approximately 67% of the national market in 2023, and nearly 79% of PBM markets were classified as "highly concentrated" under federal antitrust standards.<sup>1,2</sup>

At the same time, most PBMs operate under common ownership with health insurers. Approximately 77% of commercial and Medicare Part D beneficiaries were enrolled in plans where the insurer and PBM shared a parent company, rising to 88% within Medicare Part D alone.<sup>3</sup> When the entities negotiating drug prices are owned by the same parent company as the insurer, competitive checks and balances can weaken, and pricing decisions may become less transparent.

For patients already struggling to afford medications, this concentration of market power can translate into higher out-of-pocket costs and fewer affordable options at the pharmacy counter.

## Building on Medicare Part D Reforms: Remaining Challenges in PBM Compensation Models

Although H.R. 7148 achieved important reforms in Medicare Part D, it did not include a comprehensive prohibition on spread pricing in the commercial, employer-sponsored, or Medicaid markets. Spread pricing allows a PBM to charge a health plan or state Medicaid program more for a drug than it reimburses the pharmacy and retain the difference.

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1. Federal Trade Commission (FTC). *Interim Staff Report on Prescription Drug Middlemen*

2. American Medical Association: *Policy Research Perspectives: Competition in PBM Markets and Vertical Integration of Insurers with PBMs*

3. House Committee on Oversight and Accountability. *The Role of Pharmacy Benefit Managers in Prescription Drug Markets*

Greater transparency improves visibility, but it does not by itself remove the underlying pricing incentives. Without directly addressing spread pricing across all markets, patients, employers, and state programs may continue to face higher drug costs driven by intermediary compensation models.

### **Medical Students' Commitment to Drug Affordability Reform**

The AMA Medical Student Section has been actively engaged in advancing advocacy efforts directed at drug affordability and PBM reform. In 2024, medical students authored a resolution calling for greater transparency, the elimination of price spreading practices, and the adoption of pass-through pricing models. That resolution became official AMA policy in 2025.

Students strongly supported the AMA's efforts to pursue PBM reform and are encouraged to see meaningful action achieved through recent legislation. As future physicians, medical students remain committed to ensuring that continued reforms align incentives within the prescription drug supply chain and reduce unnecessary cost burdens on patients.

### **Continuing the Momentum**

Many of the reforms included in H.R. 7148 originated in broader legislative efforts, including the Pharmacy Benefit Manager Reform Act of 2025 (H.R. 4317). While important provisions were enacted, several key elements of that legislation were not included in the final appropriations package.

Remaining reforms, addressing spread pricing practices and strengthening structural safeguards, reflect the continued opportunity to build on recent bipartisan progress. Advancing the remaining components of comprehensive PBM reform would further align incentives within the prescription drug supply chain and help ensure that cost savings are passed through to patients and payers.

#### **CALL TO ACTION:**

Thank your Senator or Representative for the important PBM reforms enacted through H.R. 7148 and urge them to continue strengthening drug affordability efforts by advancing remaining PBM reform measures that improve transparency, eliminate harmful pricing practices, and protect patients.