

END PBM GAMES

IN FEHBP: SUPPORT H.R. 6610 (PHARMACISTS FIGHT BACK ACT)

THE REGULATORY GAP

Despite Congressional action in other programs, anticompetitive PBM practices in the FEHBP remain unchecked leaving federal employees, independent pharmacies and taxpayers exposed to predatory “black box” pricing, steering, and rebate schemes.

OIG AUDIT FINDINGS (2024-2025)

The OIG has identified a systemic pattern of overcharges and rebate retention within the FEHBP.

- Dec. 2025 Audit: Identified \$6.9 million in overcharges through hidden pharmacy transaction fees.
- Nov. 2024 Audit: Found \$7.5 million in overcharges driven by drug pricing and transaction fee games.
- March 2024 Audit: Uncovered \$19 million in overcharges through deceptive pricing and fee practices.

The OIG has uncovered rebate shell games within the FEHBP to the tune of millions of dollars.

- March 2024 Audit: Uncovered \$14.4 million in rebates withheld by an offshore PBM-affiliated GPO.
- Nov. 2024 Audit: Identified \$9.5 million in rebates withheld by offshore PBM affiliates.
- March 2024 Audit: Found \$4.9 million in manufacturer rebates that were never passed through to the plan.

ANTI-COMPETITIVE PRICING & STEERING

PBMs use their middleman position to steer patients to their own pharmacies with significantly higher costs.

- Mail-Order Costs: PBM mail-order was higher than independent pharmacy pricing on 75 out of 100 common generics.
- Specialty Mark-ups: PBM-owned pharmacies marked up specialty drugs as high as 47,000% above NADAC.

THE SOLUTION: H.R. 6610

The Pharmacists Fight Back Act (PFBA) restores integrity to the FEHBP through three core pillars:

- 1. Fair Reimbursement:** Establishes a transparent NADAC + 4% + dispensing fee model for pharmacies as a floor and a ceiling and ends PBM markups at affiliated pharmacies.
- 2. Rebate Transparency:** Mandates 100% pass-through of all rebates, including those from offshore GPOs.
- 3. Patient Choice & Local Access to Care:** Prohibits PBMs from steering to their affiliated pharmacies and ensures patients have access to the local pharmacy of their choice.

PROVEN RESULTS: THE “PBM MATH” REALITY CHECK

- Georgia Savings: PBMs predicted a \$17M cost for a NADAC+ model; the state showed savings of \$11M in one year. PBM math in Georgia was off by \$28 Million.
- West Virginia Impact: Requiring rebate pass-through at the counter reduced premium growth by double digits.
- The Bottom Line: Transparency and fair pricing work.

SOURCES

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<https://www.oversight.gov/sites/default/files/documents/reports/2025-01/2023-SAG-019.pdf>
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