



Office of the Chair

UNITED STATES OF AMERICA  
Federal Trade Commission  
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**Remarks by Chair Lina M. Khan  
As Prepared for Delivery  
White House Roundtable on PBMs**

**March 4, 2024**

Good afternoon. Many thanks to Directors Brainard and Tanden and Secretary Becerra for their efforts to make healthcare more affordable and accessible for American families. I'm grateful for everything the White House is doing to fight for Americans who face soaring prices for prescription drugs.

Our mission at the FTC is to enforce the nation's antitrust and consumer protection laws so that American consumers, workers, and small businesses can thrive. I'm here today to share a few words about the FTC's work to protect the public from powerful corporate middlemen in our healthcare system.<sup>1</sup> The FTC has been flooded with stories suggesting that these middlemen—PBMs—engage in tactics that hike the price of drugs, deprive patients of access to certain medicines, and drive community pharmacies out of business.

PBMs say that they help bring down drug costs. But the stories we hear from patients and healthcare workers instead describe PBMs as dominant gatekeepers who have outsized power to decide how people do or don't receive the life-saving prescription drugs they depend on. Too often, Americans are price gouged for these medications. As PBMs have consolidated and vertically integrated, we hear of a system where corporate red tape and bureaucracy obstruct patients from getting their medications, sometimes with devastating results. One doctor shared how delays created by a PBM led her patient to develop resistance to an otherwise effective treatment, leading to the needless loss of the patient's eye.<sup>2</sup> A third-generation pharmacist in West Virginia told us that when she needed critical medication during her pregnancy, her health insurer would only provide coverage if she got the medicine from its PBM-affiliated specialty pharmacy—a process rife with so many bureaucratic hurdles and delays that the woman almost lost her pregnancy.<sup>3</sup>

The stakes of corporate monopolization are highest in healthcare. Despite the enormously consequential role they play, PBMs operate in complex and obscure ways that have let them fly under the radar.

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<sup>1</sup> See Press Release, Fed. Trade Comm'n, FTC to Ramp Up Enforcement Against Any Illegal Rebate Schemes, Bribes to Prescription Drug Middleman That Block Cheaper Drugs (June 16, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-ramp-up-enforcement-against-illegal-rebate-schemes>.

<sup>2</sup> Comment Submitted by Julie Patel, Solicitation for Public Comments on the Impact of Benefit Managers' Business Practices, *Regulations.gov* (Apr. 15, 2022), <https://www.regulations.gov/comment/FTC-2022-0015-0265>.

<sup>3</sup> Comment Submitted by Heidi Romero, Solicitation for Public Comments on the Impact of Benefit Managers' Business Practices, *Regulations.gov* (May 31, 2022), <https://www.regulations.gov/comment/FTC-2022-0015-0819>.

That’s why the FTC launched an inquiry into these drug supply middlemen, ordering the largest PBMs to hand over documents on their business practices.<sup>4</sup> Critically, our 2022 probe builds not just on what we’ve heard from doctors and patients, but also on what we hear from community pharmacists, who describe what may be unfair and potentially unlawful practices to squeeze them out of the market. And in 2023, we pressed on by issuing follow-up orders to group purchasing organizations (GPOs) that negotiate drug rebates on behalf of other PBMs.<sup>5</sup>

Part of the FTC’s mission is to protect opportunities for small businesses to compete on a level playing field to serve their communities. And few small businesses are as essential to communities as independent pharmacies—especially in rural communities across America. Americans report trusting their local pharmacist for high-quality and personalized care. But despite their popularity with customers, independent pharmacists tell us they’re being squeezed and run out of business due to coercive contractual terms and punishing fees imposed by PBMs. As more community pharmacies go under, and as patients continue to pay unacceptably high prices for prescription drugs, we are more determined than ever to understand how PBMs could be causing problems in the drug supply chain. That is exactly what the FTC’s PBM inquiry is designed to do.

So far, the PBMs have not fully complied with our orders to turn over documents and data. FTC orders are not suggestions, and we won’t hesitate to use the full extent of our legal authorities to mandate compliance.

We are undertaking this work with enormous urgency and focus. And if we find evidence of illegal practices, we will not hesitate to act.

Thanks again to President Biden and leaders across the administration for fighting for Americans’ access to affordable drugs, even when it means taking on powerful corporations. I’m grateful as well to state officials who’ve been key partners in these efforts, especially in scrutinizing PBMs.

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<sup>4</sup> Press Release, Fed. Trade Comm’n, FTC Launches Inquiry Into Prescription Drug Middlemen Industry (June 7, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-launches-inquiry-prescription-drug-middlemen-industry>; see also Statement of Chair Lina M. Khan Regarding 6(b) Study of Pharmacy Benefit Managers (June 8, 2022), [https://www.ftc.gov/system/files/ftc\\_gov/pdf/Statement-Khan-6b-Study-Pharmacy-Benefit-Managers.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/Statement-Khan-6b-Study-Pharmacy-Benefit-Managers.pdf); see also Press Release, Fed. Trade Comm’n, FTC Votes to Issue Statement Withdrawing Prior Pharmacy Benefit Manager Advocacy (July 20, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/07/ftc-votes-issue-statement-withdrawing-prior-pharmacy-benefit-manager-advocacy>.

<sup>5</sup> Press Release, Fed. Trade Comm’n, FTC Deepens Inquiry into Prescription Drug Middlemen (May 17, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-deepens-inquiry-prescription-drug-middlemen>. Recently, the Commission also partnered with the Department of Health and Human Services (HHS) to issue a joint Request for Information aimed at understanding how GPOs and drug wholesalers may be contributing to shortages of generic drugs (Press Release, Fed. Trade Comm’n, FTC, HHS Seek Public Comment on Generic Drug Shortages and Competition Amongst Powerful Middlemen (Feb. 14, 2024), <https://www.ftc.gov/news-events/news/press-releases/2024/02/ftc-hhs-seek-public-comment-generic-drug-shortages-competition-amongst-powerful-middlemen>”).

The FTC will continue to use all of our legal tools to deliver more affordable, accessible healthcare for patients and enable independent pharmacies to compete and thrive.

Thank you.

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