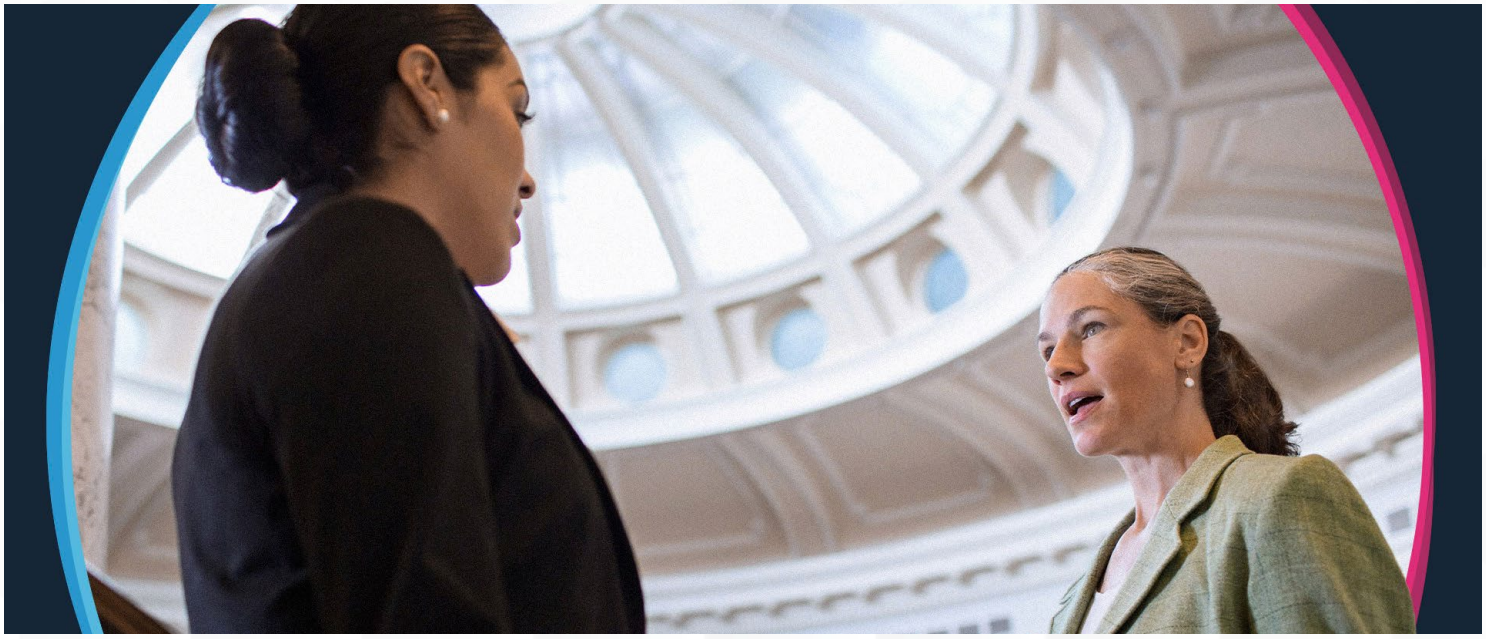
State scrutiny of PBMs is far from over



As states search for ways to lower costs and improve access to medicines, policymakers are asking whether PBM business practices contribute to higher costs, reduced competition and barriers between patients and the medicines they need.

For example: Florida and Louisiana have filed lawsuits alleging that major PBMs engaged in practices, such as contracting arrangements, that manipulated pharmacy reimbursement and limited competition.

States are acting: They join a growing list of states, including Ohio, California, Colorado, Michigan and Illinois, that have pursued legislation, investigations or litigation, reflecting continued bipartisan concern about PBM practices.

- All 50 states have enacted laws addressing PBMs, and state action continues to grow.
- In 2026, over 30 states considered legislation, while the debate has expanded beyond simple licensure or registration of PBMs to encompass broader questions about insurer and PBM market practices.

Why the attention? The three largest PBMs control roughly 80% of the market. That gives them significant influence over:

- Which medicines patients can access
- What patients pay out of pocket
- Whether lower-cost alternatives reach patients

PBMs may prioritize profits over patients, which impacts affordability, competition and whether savings reach patients.

The challenge ahead: PBMs have repeatedly adapted their contracting arrangements, compensation structures and business models in response to increased scrutiny. That means passing reforms is not the end of the story.

What to watch: States have an opportunity to build on recent momentum and bring greater transparency and accountability to a historically opaque corner of the health care system.

THE BOTTOM LINE:

As policymakers continue searching for affordability solutions, the question is no longer whether PBMs deserve scrutiny. Recent reforms represent meaningful progress. Now, the focus should be on ensuring those reforms work as intended and that oversight keeps pace as insurer and PBM business models evolve.