



## **State Representative Kellie Deeter**

### **Sponsor Testimony – House Bill 229**

**Chair Ray, Vice Chair Fischer, Ranking Member Brent, and members of House General Government Committee.** Thank you for the opportunity to provide sponsor testimony on House Bill 229, which will establish licensing requirements and greater transparency for pharmacy benefit managers, or PBMs.

The sub-bill before you today reflect recommendations made by the Department of Insurance following the introduction of the bill. There are no substantive changes made in the sub-bill. Rather, it includes clarifying language that will assist the Department of Insurance in their future oversight of regulation and licensing for PBMs.

PBMs manage prescription drug benefits on behalf of insurers and employers, and they process claims related to your pharmacy benefits. They are a central player in the pharmaceutical supply chain, significantly influencing drug pricing, access, and reimbursement.

Historically, PBMs functioned similarly to administrators of vision or dental benefits. However, over the past decade, PBMs have evolved to operate in a space between traditional third-party administrators and full-scale insurers. During this time, the industry has seen extensive consolidation and vertical integration, leading to reduced competition. Today, three PBMs process approximately 80% of all pharmacy claims, and just six PBMs control over 90% of the market.

This monopolistic behavior has had serious consequences. It has led to narrower provider networks, forced pharmacy closures, and reduced patient access to care. Compounding the problem is a persistent lack of transparency in how pharmacy benefits are managed and reported.

House Bill 229 will correct this by placing PBMs in a new, dedicated chapter of the Insurance Code—separate from the Third-Party Administrator chapter, where they currently reside. The current placement does not provide sufficient regulatory oversight or clear, standardized definitions or reporting requirements. As a result, the pharmacy benefit space remains highly opaque, subjective, and at times misleading.

HB 229 proposes a protective regulatory framework that requires the Dept. of Insurance to administer a process for licensing pharmacy benefit managers who want to operate in the state of Ohio, and it standardizes key terms and reporting requirements. This will help eliminate the subjective interpretations that PBMs often apply to obscure pricing and reimbursement mechanisms. It empowers the Department of Insurance to exercise proper oversight and gives consumers and payers the information they need to make informed decisions. The bill also balances transparency with confidentiality, and safeguards sensitive business information from public records requests.

In short, HB 229 modernizes the oversight of Pharmacy Benefit Managers by moving them into an appropriate regulatory structure. Most importantly, it empowers employers, payers, and individuals with the transparency they need to assess the true value of their pharmacy benefits. If we fail to address the current regulatory gaps, Ohioans will continue to face rising drug costs, shrinking access to care, and

increasingly limited market choices. From the expansion of pharmacy deserts to a pattern of monopolistic behavior—and a growing number of successful lawsuits against PBMs for overcharging customers—reform is much needed.

I urge your support for House Bill 229 and welcome any questions you may have.