



March 3, 2026

VIA EMAIL

Hon. Steven Wilson
Chair
Ohio State Senate Financial Institutions, Insurance and Technology Committee
Ohio Statehouse
1 Capitol Square
Columbus, OH 43215

Testimony of the Independent Pharmacy Cooperative in Support of HB 229 (Rep. Kellie Deeter) Establishing Licensing Requirements for Pharmacy Benefits Managers (PBMs).

Dear Chair Wilson and Members of the Financial Institutions, Insurance and Technology Committee

I am John Covello, Director of Government Relations for the Independent Pharmacy Cooperative (IPC) and I am submitting this written testimony **IN FAVOR OF HB 229**, sponsored by House Representative Deeter to create an Ohio statutory licensure process requirement under the Ohio Department of Insurance (DOI) for Pharmacy Benefit Managers (PBMs) prescription benefit plans. HB 229 also creates reporting and disclosure requirements for PBMs that operate in the State of Ohio.

The Independent Pharmacy Cooperative (IPC) is a national trade group representing over 2300 independent pharmacy store owners in all 50 states and the District of Columbia, including 50 independent community pharmacies in Ohio. We also operate a wholesale drug warehouse serving another 5000 independent pharmacies. Many of our member pharmacies reside in rural, urban and other underserved and economically disadvantaged parts of the country. These pharmacies are often the first or only source for delivering health care in their local communities. As a part of our services to members, we engage in Federal and State Government Relations advocacy on issues affecting pharmacies. It is in this capacity that we are submitting this testimony.

IPC commends Ohio State Rep. Deeter for her sponsorship of HB 229 and her leadership in seeking to protect Ohio's prescription drug benefit marketplace, prescription patients' and their access to their pharmacy providers, and the ultimately plan sponsors paying for these benefits.

IPC has worked with the Ohio Pharmacists Association (OPA) and other Ohio pharmacy groups for more than a decade advocating for many Ohio legislative and regulatory reforms to PBM operations. Since 2016, in many ways Ohio has been a national leader of exposing PBM abuses that are harmful to pharmacies – especially community independent pharmacies - but also disrupted pharmacy patient access to their drug therapy care with hidden cost to patients and plan sponsors. The record has well documented PBM abuses in Ohio's Medicaid managed care program, Workers Compensation program and many private sector prescription drug benefit programs. The DeWine administration, The Ohio Department of Medicaid, Ohio State Auditor and the Ohio Attorney General all there be to be commended for their actions and policy reforms to punish PBM for their abuses and reform Ohio's Medicaid managed care prescription drug coverage program to protect pharmacy benefits access for patients, provide cost-base, net savings reimbursement to pharmacies that protected taxpayers. Ohio

Medicaid managed care PBM reforms have documented how to save pharmacy access for patients with greater than expected cost savings for Ohio taxpayers.

Ohio's actions in these areas of PBM abuses have led to PBM reforms across the country in the commercial market space. And while all these various Ohio agencies have taken action against PBM abuses, HB 229 adds the necessary tools to Ohio's PBM insurance statutes to provide ODI with the proper statutory powers to fully relate PBM operations in Ohio, assess them to pay for this regulatory oversight and enforce penalties for non-compliance with these marketplace and patient protections.

This bill will bring Ohio into the position with an overwhelming majority of states in the last five years that have formally enacted PBM licensing authority under their state insurance statutes. This action has been accelerated since the 2020 U.S. Supreme Court Rutledge decision determining that states were not pre-empted under Federal ERISA law from enacting state licensing laws governing PBM practices in their states. As the attached map illustrates, as of today 35 states in all regions of the country have adopted formal PBM licensure laws similar to the provisions of Ohio HB 229 with enforcement powers in their insurance statutes to be in line with their marketplace and consumer protection licensing laws for other lines of insurance. Nine other states have a form of certification with enforcement powers that act in effect as licensing of PBM's. Ohio is one of only six states that have neither formal licensure or certifications laws that allow the state to fully enforce its PBM regulation laws.

HB229 falls in line with this overwhelming trend in other states by replacing Ohio's current PBM certification process with the full array of licensure powers and tools to ODI to ensure the PBM's comply in Ohio with a number of PBM economic and process regulations and statute. HB 229 will allow ODI to fully protect Ohioans from PBM abuses. It will also provide the ODI with laws to act as strong deterrence on PBM's to change their abusive practices that only benefit them financially at the expense of everyone else in the drug benefit coverage system.

The disclosure and reporting requirements in HB 229 are also important new statutory requirements on PBM's to provide long overdue transparent disclosure contractual terms that PBM's opaquely do not reveal to plan sponsors, covered patients or pharmacy providers.

IPC urges this committee to report favorably HB 266 so Ohio can join the other states in the region in adopting a strong PBM licensure statute and strengthen Ohio's existing economic regulation laws to protect patients, pharmacy providers and plan sponsors from PBM abuses that harm health care access.

I am happy to answer any question for the Committee or provide additional information on this bill. Please feel free to contact me by email (john.covello@ipcrx.com) or by phone (608-733-6180).

Respectfully submitted,



John Covello
Senor Director of Government Relations
Independent Pharmacy Cooperative

Attachment