

# Congress Needs to Enact PBM Vertical Integration Divestiture Legislation

*Large Integrated Health Plans, PBMs, Health Care Provider Corporations Inflates Health Care Costs & Profits At Patient, Pharmacy Providers and Health Benefits Payers Expense*

For nearly two decades, Pharmacy Benefit Managers (PBM) and Health Insurance Companies have become vertically integrated by being health insurers, drug benefit managers while also owning health care provider operations (pharmacies, medical practices, etc.) in the name of containing health care costs. The data has proven that these multi-billion dollar vertically integrated PBMs/health insurers/providers companies are increasing health care costs and hurting competition by determining: 1) provider network participation; 2) how much to pay their own providers and their competitors; and 3) which services or prescriptions their competitors are allowed to provide. The concentration of control over prescription drug benefits plans (over 80% in 3 companies[1]) and higher costs to all in the health care system is leading to enriching these large, corporate health care coverage companies.[2] In fact these large health care corporations that pay themselves and their competitors have been viewed by the U.S. Federal Trade Commission (FTC) as anticompetitive and harmful to the health care system. [3] To end this cost increasing, anti-competitive virtually controlled prescription drug benefit marketplace Senators Elizabeth Warren (D-MA) and Josh Hawley (R-MO) introduced the bipartisan "[Break Up Big Medicine Act](#)" (S. 3822) that would require divestiture of these health care companies by:

- Prohibiting PBMs' & insurers' ownership of pharmacies, medical providers or management services.
- Prohibiting prescription drug or medical device wholesaler ownership of a medical provider or management services organization.
- Requiring these companies with such ownership be in compliance within one year of enactment.
- Creating automatic non-compliance penalties, including profit disgorgement and forced divestiture.
- Enabling the FTC, HHS, DOJ, state attorneys general, and private lawsuits against violators.
- Allow the FTC and DOJ to review and block future actions that would recreate the conflicts of interest prevented by the bill.

Allowing corporations to pay themselves with other entities' funds and decide how much to pay their competitors will never benefit consumers or ensure a competitive marketplace. Congress needs act to break up these health care conglomerates.

**To end this harmful concentration of economic power over one-sixth of the U.S. economy and end these anti-competitive health care vertically integrated corporations, IPC asks Congress to pass S. 3822 or other PBM divestiture bills this year.**

[1] <https://www.drugchannels.net/2023/05/the-top-pharmacy-benefit-managers-of.html>

[2] <https://jacobin.com/2025/08/cvs-rite-aid-pharmaceuticals-drug-prices>

[3] <https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-releases-second-interim-staff-report-prescription-drug-middlemen> <https://www.ftc.gov/reports/pharmacy-benefit-managers-report>