



Healthcare Access - Prescription Drug Affordability

Too many Arizonans are forced to make tough choices about how to stretch their finances. Governor Hobbs knows no family should have to choose between paying their rent and paying for life-saving medication. The Executive Budget invests in industry oversight and enforcement to ensure that maintaining good health never means sacrificing financial security.

Governor Hobbs' proposal invests \$545,200 to promote prescription drug affordability and overall health savings by:

- Creating the Prescription Drug Affordability Division at the Department of Insurance and Financial Institutions (DIFI), which will promote prescription drug affordability and overall healthcare savings for Arizonans
- Requiring Pharmacy Benefit Managers (PBMs) to seek approval from the Prescription Drug Affordability Division before increasing the cost of any prescription drug beyond the rate of inflation, and to provide documentation and justification for such an increase
- Mandate PBMs to report quarterly on the aggregate amount received through drug manufacturer rebates and other incentives; this will give health insurance regulators insight into how PBMs are currently pocketing profits that could be passed on as savings to consumers
- Set maximum prices for commonly prescribed medications
- Prohibit the practice known as "spread pricing;" when PBMs charge insurers more than they actually pay to a pharmacy to fill and dispense a medication, taxpayers feel the impact. When Ohio took similar steps to rein in spread pricing, they found that PBMs had overcharged the state's Medicaid program \$244 million in a single year.

By the Numbers:

\$545,200 for a one-time increase in FY 2025 to establish the Prescription Drug Affordability Division at DIFI; this funding will cover start-up and personnel costs.

What's at stake:

- No Arizonan should have to choose between life saving medication and putting food on the table. This effort will provide the state with the insight it needs to hold the industry accountable for artificially driving up the cost of medication and healthcare
- This has both individual and collective benefits; it'll put money back in Arizonans pockets and help rein in state waste within the state's Medicaid program.
- Cracking down on price gouging middle men making a profit off the backs of Arizonans