



NATIONAL INSTITUTE FOR  
**PUBLIC EMPLOYEE**  
HEALTH CARE POLICY

Testimony for the Record  
Submitted to the  
House Committee on Energy and Commerce  
Subcommittee on Health  
for the Hearing  
Lowering Health Care Costs for All Americans:  
An Examination of the Prescription Drug Supply Chain  
February 11, 2026

Chairman Griffith, Ranking Member DeGette and Members of the Committee:

My name is Marta Green and I am the Executive Director of the National Institute for Public Employee Health Care Policy (the Institute). The Institute appreciates the opportunity to comment on the downstream fiscal impacts of the pharmaceutical product supply chain. The Institute is a nonprofit (501)(c)(3), nonpartisan, national research organization focused on public policy areas impacting health benefits provided to public sector employees, retirees, and their beneficiaries. The Institute conducts research, develops authored papers and issue briefs, and convenes stakeholders to raise awareness and educate the Washington, D.C. policy community on topics ranging from health coverage, drug cost containment, Medicare Advantage, and many other issues of critical importance to our members.

One of the Institute's largest policy priorities is managing rising drug costs. Over the years, the Institute's founders heard public sector purchasers share their experiences when navigating rising drug prices. Initially started by the Public Sector HealthCare Roundtable (the Roundtable), the annual Specialty Drug Survey was established to quantitatively capture these experiences. Now, the annual survey provides the Institute and Roundtable with key snapshots of public sector purchasers' benefits. These findings have enabled the Institute and Roundtable to compare public sector purchasers' benefit offerings with national trends, expanding the organizations' capacity to proactively tackle emerging challenges in partnership with the government and other industry stakeholders.

*Specialty Drug Survey Findings*

In 2025, the Institute in partnership with the Roundtable conducted the annual specialty drug survey to quantify the financial challenges public sector purchasers are facing related to pharmaceutical products, especially specialty drugs. Last year, public sector purchasers who



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responded to our annual [Specialty Drug Survey](#) provided benefits to almost 5.5 million beneficiaries, with over four million enrolled in a commercial plan and over one million enrolled in a Medicare plan.

In 2024, public sector purchasers who responded to the survey purchased over 38 billion dollars of health care services including medical, behavioral, and pharmaceutical services. Of this, public sector purchasers spent over 13 billion dollars supplying employees, retirees, and their dependents with pharmaceutical products, almost 6.5 billion of which were spent on specialty drugs.

From plan year 2022 to 2023, public sector purchasers who responded to our survey absorbed an almost 20 percent total growth in pharmaceutical spending. Most of this growth was fueled by growth in the cost of specialty drug products, with spending on specialty drugs growing an average of 15 percent from 2022 to 2023. This trend reflects consistently high growth in the cost of pharmaceutical benefits, especially specialty medications.

To manage rising drug prices and administer pharmaceutical benefits, public sector purchasers partner with Pharmacy Benefits Managers (PBMs) to curate tiered formularies and copayments, shop for manufacturer financial assistance programs, implement prior authorization requirements, and deploy other utilization management and cost-saving techniques. When considering the full scope of PBM services, over half of public sector purchasers who responded to the survey report they are satisfied with their PBM. In addition to utilization management support, most public sector purchasers who responded to the survey indicated that their PBM contract includes a provision requiring 100 percent of rebates to be passed through to the public sector purchaser. These rebates are used to drive down net costs, lowering the public sector purchaser's year-over-year spending and mitigating the rise in employee and retiree premiums.

#### *Challenges Associated with Covering Specialty Drugs*

Consistent with our survey results from previous years, about half of respondents' total commercial pharmaceutical costs are used for specialty medications. Almost all of the public sector purchasers attested that specialty drugs are defined as those that are high-cost, typically require special storage or handling, and usually treat complex, chronic, and rare diseases. The Institute is interested in examining how pharmaceutical market reforms could improve the affordability of prescription medications. For example, the IQVIA Institute for Human Data Science [found](#) that of the over 100 biologics that will lose their Food and Drug Administration (FDA)-protected market exclusivity period within the next ten years, only ten percent have a biosimilar in development that could create market competition and [lower costs](#). Last year, the FDA recognized the challenges



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associated with specialty drug affordability and announced their intent to [Accelerate Biosimilar Development and Lower Costs](#). **The Institute urges Congress to partner with the FDA and other relevant agencies to explore policies that reduce the cost of specialty drugs, enabling public sector purchasers to continue offering comprehensive, affordable benefits to employees, retirees, and their dependents.**

*Patent Reform*

The competition challenges surrounding specialty drugs underscore deeper, industry-wide patent challenges that require congressional attention. The ongoing patent reform debate reflects growing concern that structural features of the pharmaceutical patent system are suppressing competition in ways that drive costs up. As Congress continues to consider targeted legislative changes, public sector purchasers continue to bear the financial burden of delayed generic and biosimilar competition. [Research](#) from Matrix Global Advisors estimated that the cost of patent thickets for a single brand name drug costs anywhere from 1.8 billion dollars to 7.6 billion dollars in one year. **For public sector purchasers to continue providing fiscally responsible, sustainable benefits to employees, retirees, and their dependents, Congress must address anti-competitive patent practices to promote competition and lower prescription drug prices. The Institute will continue to examine these practices to ensure the affordability of prescription drugs for public sector purchasers.**

*GLP-1s in Focus*

As was highlighted in the AHIP, American Hospital Association, and Campaign for Sustainable Drug Pricing's [testimonies](#), demand for glucagon-like peptide-1 (GLP-1) medications is growing exponentially while prices remain high. Before demand for GLP-1s exploded, public sector purchasers found creative solutions to balance their responsibilities to the state's budget and the health and wellbeing of beneficiaries; however, as blockbuster medications like GLP-1s and cell and gene therapy (CGT) become more widespread, public sector purchasers will experience unprecedented challenges. In order to afford the rising costs of prescription drugs, public sector purchasers are faced with the difficult decision to increase out-of-pocket costs on state and local employees and retirees, reduce the public employees' and retirees' health care benefits, or raise taxes on the general public. In fact, public sector purchasers who responded to our survey reported that the explosive demand and enormous prices for GLP-1s are already forcing them to make these tough choices. As a consequence, some public sector purchasers found themselves in a precarious situation with their state and local legislatures, employee and retiree representatives,



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and finance departments simultaneously. **State and local governments need pharmaceutical costs to be contained to be able to provide employees, retirees, and their dependents with affordable, comprehensive health care benefits without increasing taxes on the general public.**

*Conclusion*

**We urge the Committee to continue investigating policies that improve the affordability of prescription drugs for all Americans while preserving strong incentives for innovation. As the Committee evaluates its options, the Institute welcomes the opportunity to be a resource and provide data-driven insights.** Policy solutions that promote competition and innovation can improve the affordability and stability of public sector purchasers' health care benefits as long as public sector purchasers are involved in the discussion. Thank you for the opportunity to submit this testimony on behalf of the National Institute for Public Employee Health Care Policy, and I would be pleased to answer any questions you may have.