

Governor Sherrill Signals Aggressive Push for PBM Reform in Budget Address

Healthcare Law Update

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In her inaugural budget address, New Jersey Governor Mikie Sherrill identified pharmacy benefit manager (PBM) reform as a key priority for her administration. Governor Sherrill described PBMs as “shadowy middlemen” operating between insurers, drug manufacturers, and pharmacies, asserting that PBM practices can significantly inflate medication costs, potentially by as much as tenfold, through mechanisms such as “secret” manufacturer rebates. Governor Sherrill indicated that enhanced transparency requirements and increased regulatory oversight of PBMs could generate approximately \$20 million in savings for the State’s Medicaid program. According to

Governor Sherrill, PBMs also harm independent pharmacists, dictating copays and pocketing reimbursements. Governor Sherrill also endorsed ongoing legislative efforts to address skyrocketing prescription drug costs within New Jersey’s Medicaid program. The Patient and Provider Protection Act, currently under review in the New Jersey General Assembly, would impose new transparency and accountability requirements on PBMs. Key provisions would require PBMs to pass through manufacturer rebates to health plans, prohibit patient steering to PBM-affiliated pharmacies, and mandate a transparent, flat-fee compensation model tied to services rendered.

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