

119TH CONGRESS
2D SESSION

S. 4509

To prohibit pharmacy benefit managers and pharmacies from being under common ownership, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 13, 2026

Ms. WARREN (for herself, Mr. HAWLEY, Mr. FETTERMAN, and Mr. MARSHALL) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To prohibit pharmacy benefit managers and pharmacies from being under common ownership, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patients Before Mo-
5 nopolies Act” or the “PBM Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Pharmacy benefit managers are corporate
9 entities that play a dominant role in pharmaceutical
10 supply chains, determining which drugs health plans

1 will cover for enrollees, what prices patients and
2 health plans will pay for those drugs, and how much
3 health plans will reimburse pharmacies for dis-
4 pensing them.

5 (2) The market for pharmacy benefit manager
6 services has become highly concentrated. As of 2025,
7 the 6 largest pharmacy benefit managers are each
8 integrated into large health care conglomerates that
9 include downstream businesses such as retail, mail
10 order, and specialty pharmacies. These conglom-
11 erates also processed more than 90 percent of the
12 prescriptions in the United States in 2023.

13 (3) The 3 largest pharmacy benefit managers
14 are also vertically integrated into health care plat-
15 forms that include both upstream business lines, like
16 health insurance, and downstream suppliers, like
17 pharmacies and providers.

18 (4) The Federal Trade Commission has found
19 that vertically integrated pharmacy benefit managers
20 have both the ability and incentive to steer business
21 to their own affiliated pharmacies, which reduces
22 competition and increases prescription drug costs for
23 patients.

24 (5) Pharmacy benefit managers increasingly le-
25 verage their market power to pressure smaller, unaf-

1 affiliated, independent pharmacies to enter into unfav-
2 orable contracts with the largest pharmacy benefit
3 managers. This dynamic has likely contributed to
4 the closure of more than 7,000 pharmacies between
5 2019 and 2024.

6 (6) Self-preferencing of affiliated pharmacies
7 may also allow large, vertically integrated health
8 conglomerates to evade statutory limits on profits
9 known as the Medical Loss Ratio. Gaming of the
10 profit constraint using transfer pricing techniques
11 may allow affiliated health insurance businesses to
12 hide profits in the unregulated pharmacy business
13 segment, costing enrollees and taxpayers money.

14 (7) Pursuant to its powers under article I, sec-
15 tion 8, of the United States Constitution, Congress
16 has the ability to create any law necessary and ap-
17 propriate to regulate interstate commerce. As phar-
18 macy benefit managers are part of large, national
19 health conglomerates that operate across state lines,
20 and engage in intrastate activities that also substan-
21 tially relate to interstate commerce, Congress in-
22 tends to regulate pharmacy benefit managers in the
23 public interest.

24 (8) In order to eliminate the conflicts of inter-
25 est described in paragraphs (1) through (7) and re-

store competition to the marketplace, the Federal Government should—

(A) protect patients, independent pharmacies, and taxpayers by structurally separating vertically integrated health conglomerates;

(B) require parent companies that own a pharmacy benefit manager or insurer to divest their pharmacy businesses;

(C) enable Federal agencies, state attorneys general, and private citizens to bring civil actions to enforce the structural separation of these companies; and

(D) grant the Federal Trade Commission and Department of Justice additional authority to review and block future transactions that would re-create these conflicts of interest.

**SEC. 3. PROHIBITIONS RELATING TO ANTICOMPETITIVE
PHARMACY OWNERSHIP AND CONTRACTS.**

(a) PROHIBITION ON PHARMACY OWNERSHIP BY ENTITIES PROVIDING INSURANCE OR PHARMACY BENEFIT MANAGEMENT SERVICES.—

(1) IN GENERAL.—It shall be unlawful for any person to both—

1 (A) directly or indirectly own, operate, con-
 2 trol, or direct the operation of the whole or any
 3 part of a pharmacy; and

4 (B) directly or indirectly own, operate, or
 5 control the whole or any part of—

6 (i) an insurance company; or

7 (ii) a pharmacy benefit manager.

8 (2) DIVESTMENT.—Not later than 1 year after
 9 the date of enactment of this Act, any person in vio-
 10 lation of paragraph (1) shall divest the pharmacy of
 11 such person.

12 (b) ANTITRUST ENFORCEMENT.—

13 (1) IN GENERAL.—Both the Federal Trade
 14 Commission and the Assistant Attorney General in
 15 charge of the Antitrust Division shall have jurisdic-
 16 tion, jointly or separately, to enforce this section.

17 (2) PENALTIES FOR FAILURE TO DIVEST.—

18 (A) GUIDANCE.—Not later than 30 days
 19 after the date of enactment of this Act, the
 20 Chair of the Federal Trade Commission and the
 21 Assistant Attorney General in charge of the
 22 Antitrust Division shall issue guidance speci-
 23 fying milestones for divestment within the dead-
 24 line under subsection (a)(2).

25 (B) PENALTIES.—

(i) IN GENERAL.—For any person that does not comply with the milestones specified under subparagraph (A), the Chair of the Federal Trade Commission or the Assistant Attorney General in charge of the Antitrust Division shall cause 10 percent of the profits of the person to be transferred into escrow on a monthly basis, to be—

(I) returned to the person if divestment occurs by the deadline under subsection (a)(2); or

(II) deposited into the fund described in subsection (c)(7) if divestment does not occur by the deadline under subsection (a)(2).

(C) TRUSTEE.—If divestiture does not occur by the deadline under subsection (a)(2), a divestiture trustee shall oversee the divestiture required under that paragraph. The divestiture trustee shall have the authority to sell the pharmacy.

(c) CIVIL ACTIONS.—

(1) IN GENERAL.—When the Inspector General of the Department of Health and Human Services,

the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, the Federal Trade Commission, or an attorney general of a State has reason to believe that a person is in violation of subsection (a), such Inspector General, Assistant Attorney General, Federal Trade Commission or attorney general of a State may bring a civil action in an appropriate district court of the United States.

(2) PRIVATE RIGHT OF ACTION.—

(A) IN GENERAL.—An individual alleging damages as a result of a violation of this Act may bring a civil action in any court of competent jurisdiction, State or Federal.

(B) RELIEF.—In a civil action brought under subparagraph (A) in which the plaintiff prevails, the court may award—

(i) treble damages;

(ii) reasonable attorney's fees and litigation costs; and

(iii) any other relief, including equitable or declaratory relief, that the court determines appropriate.

(3) ACTIONS BY STATE ATTORNEYS GENERAL.—If the attorney general of a State has reason

1 to believe that an interest of the residents of the
 2 State has been or is being threatened or adversely
 3 affected by a practice that violates subsection (a),
 4 the attorney general of the State may, as *parens*
 5 *patriae*, bring a civil action on behalf of the resi-
 6 dents of the State in an appropriate district court of
 7 the United States to obtain appropriate relief, in-
 8 cluding monetary damages.

9 (4) INJUNCTIVE AND EQUITABLE RELIEF.—In
 10 any action described in paragraph (1), (2), or (3),
 11 the applicable court, on a finding that a person is
 12 in violation of subsection (a), shall issue an order re-
 13 quiring such person—

14 (A) to cease and desist from such violation,
 15 and, if applicable, divest the pharmacy services
 16 of such person; and

17 (B) to disgorge any revenue received from
 18 the pharmacy from the sale of prescription
 19 drugs during the period of such violation.

20 (5) OTHER RELIEF.—In addition to any relief
 21 obtained under paragraph (1), (2), or (3), the court
 22 may grant any other equitable relief necessary to re-
 23 dress and prevent recurrence of the violation.

24 (6) RIGHT TO JURY TRIAL.—Either party, upon
 25 request, shall have the right to a jury trial.

1 (7) DEPOSIT.—Any revenue received from the
2 sale of prescription drugs disgorged pursuant to an
3 action under paragraph (1) shall be deposited in a
4 fund created by the Federal Trade Commission and
5 distributed by the Federal Trade Commission to be
6 put to use in the interest of serving the health care
7 needs of the harmed community, including con-
8 sumers overcharged at vertically integrated phar-
9 macies.

10 (d) FTC AND DOJ REVIEW.—

11 (1) REPORTING REQUIRED.—Any divestment of
12 a pharmacy or pharmacy benefit manager required
13 under subsection (a) shall be reported to the Federal
14 Trade Commission and the Assistant Attorney Gen-
15 eral in charge of the Antitrust Division of the De-
16 partment of Justice under section 7A of the Clayton
17 Act (15 U.S.C. 18a) without respect to the thresh-
18 olds under subsection (a)(2) of that section.

19 (2) TOLLING OF DIVESTMENT PERIOD DURING
20 REVIEW.—The divestment period under subsection
21 (a) shall be tolled during the pendency of any wait-
22 ing period required under section 7A of the Clayton
23 Act (15 U.S.C. 18a).

24 (3) REVIEW OF EFFECT OF DIVESTITURE.—
25 With respect to each divestiture undertaken pursu-

1 ant to subsection (a), in addition to any applicable
2 review under section 7A of the Clayton Act (15
3 U.S.C. 18a), the Federal Trade Commission and the
4 Assistant Attorney General in charge of the Anti-
5 trust Division of the Department of Justice shall re-
6 view the effect on competition, financial viability,
7 and the public interest—

8 (A) of the divestiture; and

9 (B) of the subsequent acquisition of the di-
10 vested pharmacy by the acquiring person.

11 (4) BLOCKING OF ACTIONS.—The Federal
12 Trade Commission and the Assistant Attorney Gen-
13 eral in charge of the Antitrust Division of the De-
14 partment of Justice, jointly or separately, may bring
15 a civil action in any court of competent jurisdiction
16 to block any action that would harm competition to
17 the detriment of the public interest with respect to
18 the conflicts of interest described in subsection (a).

19 (e) RULEMAKING AUTHORITY.—The Federal Trade
20 Commission shall promulgate rules to carry out this sec-
21 tion. Such rules shall not diminish any obligation under
22 this section.

23 (f) REPORTS REQUIRED.—The Chair of the Federal
24 Trade Commission and the Assistant Attorney General in
25 charge of the Antitrust Division of the Department of Jus-

1 tice shall submit to the appropriate congressional commit-
2 tees quarterly reports on compliance with this Act, includ-
3 ing the status of any divestitures required under this Act.

4 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
5 tion shall be construed to limit the authority of the Fed-
6 eral Trade Commission, the Inspector General of the De-
7 partment of Justice, the Department of Health and
8 Human Services, or the attorney general of a State under
9 any other provision of law.

10 (h) SEVERABILITY.—If any provision of this Act or
11 the application thereof to any person or circumstance is
12 held invalid, the remainder of this Act, or the application
13 of that provision to persons or circumstances other than
14 those as to which it is held invalid, shall not be affected
15 thereby.

16 (i) DEFINITIONS.—In this section:

17 (1) HEALTH PLAN.—The term “health plan”
18 means any public or private health insurance plan.

19 (2) PERSON.—The term “person” has the
20 meaning given the term in section 8 of the Sherman
21 Act (15 U.S.C. 7).

22 (3) PHARMACY.—

23 (A) IN GENERAL.—The term “pharmacy”
24 means any person, business, or entity licensed,
25 registered, or otherwise permitted by a State or

1 a territory of the United States to dispense, de-
 2 liver, or distribute a controlled substance, pre-
 3 scription drug, or other medication—

4 (i) to the general public; or

5 (ii) to a bed patient for immediate ad-
 6 ministration.

7 (B) INCLUSIONS.—The term “pharmacy”
 8 includes—

9 (i) a mail-order pharmacy;

10 (ii) a specialty pharmacy;

11 (iii) a retail pharmacy;

12 (iv) a nursing home pharmacy;

13 (v) a long-term care pharmacy;

14 (vi) a hospital pharmacy;

15 (vii) an infusion or other outpatient
 16 treatment pharmacy;

17 (viii) any organization the National
 18 Provider Identifier (NPI) registration of
 19 which has 1 or more taxonomy codes under
 20 the pharmacy section of the National Uni-
 21 form Claim Committee (or a subsequent
 22 organization); and

23 (ix) any other type of pharmacy.

24 (4) PHARMACY BENEFIT MANAGER.—The term
 25 “pharmacy benefit manager” means any person,

1 business, or other entity, such as a third-party ad-
2 ministrator, regardless of whether such person, busi-
3 ness, or entity identifies itself as a pharmacy benefit
4 manager, that, either directly or indirectly through
5 an intermediary (including an affiliate, subsidiary,
6 or agent) or an arrangement with a third party—

7 (A) acts as a negotiator of prices, rebates,
8 fees, or discounts for prescription drugs on be-
9 half of a health plan or health plan sponsor;

10 (B) contracts with pharmacies to create
11 pharmacy networks and designs and manages
12 such networks; or

13 (C) manages or administers the prescrip-
14 tion drug benefits provided by a health plan, in-
15 cluding the processing and payment of claims
16 for prescription drugs, arranging alternative ac-
17 cess to or funding for prescription drugs, the
18 performance of utilization management services,
19 including drug utilization review, the processing
20 of drug prior authorization requests, the adju-
21 dication of appeals or grievances related to the
22 prescription drug benefit, contracting with net-
23 work pharmacies, controlling the cost of covered

- 1 prescription drugs, or the provision of related
- 2 services.

