

August 26, 2026

Drafting Group 2
Health Care Affordability and Mitigation (B) Working Group
National Association of Insurance Commissioners

Re: CIAB Comments on the *Horizontal and Vertical Integration in Health Care* Brief

Dear Drafting Group 2 Members:

The Council of Insurance Agents and Brokers (The Council) appreciates the opportunity to review and comment on the *Horizontal and Vertical Integration in Health Care* policy brief and commends the Health Care Affordability Working Group for examining the impact of horizontal and vertical integration on health care markets and affordability.

As the Drafting Group considers policy approaches to address vertical integration, The Council respectfully recommends including Indiana SB 140, codified at Indiana Code § 27-1-24.2-1, *et seq.*, as an example of a state policy approach to regulate vertical integration. Indiana SB 140 seeks to “untie” pharmacy benefit management (“PBM”) services from third-party administrator (“TPA”) services by prohibiting carriers from conditioning TPA contracts on a plan’s selection or use of their PBM. The law also prohibits insurers from charging different fees for TPA services based on a plan’s choice of PBM.

“Untying” or breaking up vertically-integrated systems, such as TPAs and PBMs, would help control healthcare costs and improve choice for healthcare consumers. Large insurance carriers, for instance, now own TPAs, PBMs, drug distribution channels, drug manufacturers, pharmacies, and provider groups. This allows them to extract profits all along the healthcare supply chain, and to drive healthcare purchasers to select service providers. For instance, some carriers condition contracts for their TPA services on a plan’s selection or use of the carriers’ PBM. This anticompetitive practice denies self-insured plans the flexibility to work with independent PBMs that may offer more favorable pricing, better transparency, innovative solutions, and more tailored drug benefits. Five companies, all of which own PBMs, pharmacies, and provider groups, accounted for 71 percent of the self-funded market TPA business in 2021, highlighting the imbalance of power plans face as they seek to negotiate contracts. By limiting employers’ ability to select best-in-class vendors for different administrative functions and points of care, these arrangements reduce competitive pressure on costs, market participation, and innovation. They also make it more difficult for plan sponsors to evaluate alternative benefit designs and cost-containment strategies.

Anecdotal reports suggest Indiana SB 140 is already expanding employer access to more transparent and innovative PBM services, while enabling the design of pharmacy benefits that are better tailored to employer and employee needs. Accordingly, we recommend adding SB 140 as an example of a policy effort to regulate vertical integration as follows:

Examples of integration:

5. Insurance Companies conditioning TPA services on the use of affiliated PBM services (vertical integration): Some insurance carriers that own both TPA and PBM businesses condition access to TPA services on a plan sponsor's use of an affiliated PBM or impose financial penalties on plans that select an independent PBM. In 2023, the top ten TPA competitors made up over 40% of the total TPA market, including CVS, United HealthCare, Trustmark Health Benefits, and Cigna.

States with the Policy: Efforts to Regulate Vertical Integration

State	Implementation Date	Key Variations/Notes
Indiana	January 1, 2026	Prohibits TPAs from requiring, as a condition of a plan's contract, that the plan contract with a certain PBM or charge a different fee based on the plan's selection of a certain PBM. Public Law 189

The Council appreciates the Working Group's consideration of our comments.

Sincerely,



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cc: Joe Touschner