

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board
—in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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Resolution Opposing Government Mandated Disclosure of Proprietary, Trade Secret Information

Summary

A resolution in opposition to recent efforts by some state legislatures to mandate that Pharmacy Benefit Managers (PBMs) disclose competitive, proprietary, and trade secret information to their clients and other entities. The Federal Trade Commission (FTC) and other federal government agencies have determined that PBMs have successfully helped employers, health plans and other healthcare purchasers significantly reduce their drug costs. The FTC has determined that government-mandated disclosures of proprietary information would undermine the vigorous competition in the marketplace that has enabled PBMs to continue to control drug costs for their clients.

Model Legislation

WHEREAS, vigorous competition leads to market innovations and increased efficiency in all economic sectors; and

WHEREAS, the cost structures which underlie market innovations are carefully guarded as proprietary trade secret information; and

WHEREAS, the contract is the fundamental basis for doing business in the United States and often contains proprietary business information; and

WHEREAS, the confidentiality and sanctity of private contracts give businesses protections and provide incentives to offer highly competitive and innovative services and contract terms; and

WHEREAS, pharmacy benefit managers (PBMs) enter into contracts to manage the pharmacy benefits of clients who are sophisticated purchasers of health care, including health plans, insurers, major employers, unions, and governmental agencies; and

WHEREAS, the Federal Trade Commission (FTC) has found competition between PBMs for contracts with sophisticated health plan sponsors to be "vigorous;" and

WHEREAS, the General Accounting Office (GAO), Congressional Budget Office (CBO) and Federal Trade Commission (FTC) have issued reports documenting how PBMs successfully have worked to hold down drug costs; and

WHEREAS, a number of proposals have been introduced in the states that would mandate by law the disclosure of private PBM contract terms that contain proprietary and competitive financial information, price negotiation strategies, and cost-saving methodologies; and

WHEREAS, the FTC has advised states that a mandate by law of the disclosure of proprietary financial information and cost structures would "hold PBMs to a standard that does not apply to other industries" and could increase costs and "undermine the ability of some consumers to obtain the pharmaceuticals and health insurance they need at a price they can afford;" and

WHEREAS, the FTC and Department of Justice (DOJ) have concluded that "[v]igorous competition in the marketplace for PBMs is more likely to arrive at an optimal level of transparency than regulation of those terms" and is "more likely to help ensure that gains from cost savings are passed on to consumers"; and

WHEREAS, the clients of PBMs are not supporting legislation that would require the mandatory disclosure of proprietary information.

NOW, THEREFORE BE IT RESOLVED, that the American Legislative Exchange Council (ALEC) opposes proposals that would mandate contract provisions or establish legal relationships or obligations between PBMs and their clients that require disclosure of private PBM contract terms that contain highly competitive, proprietary or trade secret information:

BE IT FURTHER RESOLVED that the American Legislative Exchange Council (ALEC) supports vigorous competition and the operation of free markets in the pharmaceutical benefits sector as the most effective means of guaranteeing quality service for the lowest price.

Did you know that global corporation Kraft Foods was the corporate co-chair in 2011?

Adopted by the Commerce, Insurance and Economic Development Task Force at the States and Nation Policy Summit on December 9, 2006. Approved by the ALEC Board of Directors January 8, 2007.

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECExposed.org. For more information contact: editor@prwatch.org or 608-260-9713.