HEALTHCARE SUPPLY CHAIN ASSOCIATION
Innovators In Evidence-Based Sourcing

July 20, 2026

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Response to Request for Information (RFI): Pharmacy Benefit Manager Compensation and Data Collection [CMS-4218-NC]

Dear Administrator Oz,

On behalf of the Healthcare Supply Chain Association (HSCA), which represents the nation's leading traditional healthcare group purchasing organizations (GPOs), we appreciate the opportunity to provide comments to the Centers for Medicare and Medicaid Services (CMS) regarding pharmacy benefit manager (PBM) business practices.

As you may know, there has been ongoing confusion about the role of traditional healthcare GPOs versus the role of rebate aggregator "GPOs," or "rebate GPOs," created and owned by PBMs. The traditional healthcare GPOs that HSCA represents have a distinct role, business model, and serve different settings in the healthcare supply chain.[1] As such, and to inform the definition of a PBM "affiliate" as outlined in section 2(B) of the RFI, HSCA and its member GPOs offer the following clarifications regarding the distinct roles of traditional healthcare GPOs and rebate aggregators.

Traditional healthcare GPOs are U.S.-based and serve as the sourcing and contracting partners to American hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers – as opposed to retail pharmacies and pharmacy chains. The interests of GPOs are entirely aligned with their healthcare provider members, and, in fact, many GPOs are owned by the providers themselves. Traditional healthcare GPOs are fully transparent with their healthcare provider members, do not take possession of or title to product, do not participate in the Medicare Part D prescription drug program, and are focused on getting an appropriate and fair net price. GPOs predominantly source medications used in site-of-care settings, and they do not play a significant role in retail pharmacies. GPOs primarily negotiate point-of-sale price reductions for providers – any post-sale rebates earned on member purchases are passed through to the providers that earn them. Flexibility for providers and suppliers is integral to the GPO business model and actual pharmaceutical purchases are made by the providers, not GPOs.

In contrast, PBM-owned "rebate GPOs" work primarily in the retail prescription market with health insurance companies and plan sponsors, and aggregate manufacturer-paid rebates earned by the PBMs due to their control over formulary access and drug utilization. Increasingly these market participants are vertically integrated, often with a payor, giving them significant influence in the pharmaceutical supply

[1] The FTC has acknowledged the distinction between traditional healthcare GPOs and PBM-owned "rebate aggregators" in a July 2024 Interim Staff Report on "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies." In a February 2026 settlement with one PBM, the FTC referred to these entities as "rebate GPOs."

chain. A 2024 FTC Interim Staff Report acknowledged the distinction between traditional healthcare GPOs and PBM rebate aggregators, noting that "PBMs refer to these entities [rebate aggregators] as group purchasing organizations, though they do not perform traditional GPO functions."[2]

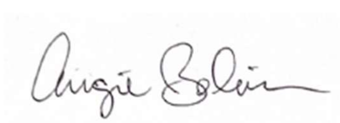
Traditional healthcare GPOs are also distinct from pharmaceutical wholesalers/distributors, commonly known as "buying groups" or "retail sourcing organizations." These entities aggregate purchasing and compete in the retail pharmaceutical market, purchasing directly and taking possession of products, unlike traditional healthcare GPOs. Neither PBM-owned "rebate GPOs" nor wholesaler/distributors represent the provider segment like traditional healthcare GPOs.

Congress recognized this distinction in the recently enacted Consolidated Appropriations Act of 2026 ("CAA, 2026"; Public Law 119-75). Specifically, policymakers stated "the term 'applicable group purchasing organization' means a group purchasing organization that is affiliated with or under common ownership with an entity providing pharmacy benefit management services."[3]

HSCA and its member GPOs urge CMS to also recognize the differences as the agency implements new requirements for PBMs under section 6224 of the CAA, 2026. Traditional healthcare GPOs are not PBMs nor rebate aggregators – and thus, should not fall under the definition of "affiliate" as outlined in the RFI.

HSCA and its member GPOs appreciate the opportunity to offer our comments and recommendations. We look forward to continuing to work with CMS to ensure patients and providers have affordable access to medications. Please do not hesitate to contact me directly if HSCA can serve as a resource or answer any additional questions you may have. I can be reached directly at aboliver@supplychainassociation.org.

Sincerely,



Angie Boliver
President & CEO
Healthcare Supply Chain Association (HSCA)

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[2] Ibid.
[3] Public Law 119-75, the *Consolidated Appropriations Act of 2026*, § 6701, pg. 540. See link: https://www.congress.gov/119/plaws/publ75/PLAW-119publ75.pdf