



## NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

*Representing America's Finest*

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### EXECUTIVE OFFICERS

April 9, 2026

**MICHAEL McHALE**  
President  
*Florida Police Benevolent  
Association*

Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Room N-5655

**JOHN A. FLYNN**  
Vice President  
*Police Benevolent  
Association of New York City*

U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, D.C. 20210

**CRAIG LALLY**  
Recording Secretary  
*Los Angeles Police  
Protective League*

**RE: Employee Benefits Security Administration RIN 1210-AB37 --  
Improving Transparency into Pharmacy Benefit Manager Fee  
Disclosure**

**SCOTT HOVSEPIAN**  
Treasurer  
*Massachusetts Coalition  
of Police*

Dear Sir or Madam,

**DARRELL KRIPLEAN**  
Sergeant-at-Arms  
*Phoenix Law Enforcement  
Association*

On behalf of the National Association of Police Organizations (NAPO), I write to commend the Department of Labor for advancing the proposed rule to improve transparency into pharmacy benefit manager (PBM) compensation under ERISA Section 408(b)(2).

**SCOTT LEETON**  
Executive Secretary  
*Combined Law Enforcement  
Associations of Texas*

NAPO is a coalition of police unions and associations from across the United States that serves to advance the interests of America's law enforcement. NAPO represents more than 1,000 police units and associations and approximately 250,000 sworn law enforcement officers. Many of our member organizations sponsor and oversee self-insured health plans and are therefore responsible for fiduciary oversight of plan expenditures and service provider arrangements.

**MARK YOUNG**  
Vice President,  
Associate Members  
*Detroit Police Lieutenants &  
Sergeants Association*

We strongly support the Department's efforts to require disclosure of direct and indirect compensation received by PBMs. This proposal represents a meaningful and long-overdue step toward addressing longstanding information gaps that have made it difficult for plan fiduciaries to fully evaluate pharmacy benefit arrangements.

**JAMES PALMER**  
Parliamentarian  
*Wisconsin Professional Police  
Association*

**WILLIAM J. JOHNSON, CAE**  
Executive Director and  
General Counsel

We also believe the Department's approach is appropriate in light of the realities faced by plan sponsors. To the extent that some stakeholders may raise concerns about the scope or burden of these disclosure requirements, we respectfully submit that such transparency is essential. Fiduciaries cannot fulfill their obligations under ERISA without access to complete and accurate information regarding how plan funds are spent and how service providers are compensated. To the extent disclosure imposes operational requirements, those requirements reflect the underlying complexity of the system, not an overreach by the Department.

Importantly, greater transparency also serves to protect plan sponsors and fiduciaries from unnecessary legal exposure. Without access to complete information, fiduciaries are placed in the position of being held responsible for decisions they do not have the data to fully evaluate or validate. A clear and enforceable disclosure framework provides a critical safeguard by enabling fiduciaries to make informed decisions and to demonstrate compliance with their duties. In this respect, the proposed rule is not only a transparency measure, but also an important step toward reducing avoidable and often unproductive litigation.

While we strongly support the proposed rule, we are concerned that its scope is limited to PBMs and does not extend to the broader set of entities that materially influence group health plan costs.

For most employer and union-sponsored health plans, the majority of total spending, often approximately 70 to 80 percent, flows through the medical benefit and is administered by third-party administrators (TPAs). This includes not only hospital and outpatient services, but also some of the most expensive and fastest-growing drug therapies, including specialty and infused drugs, which are billed under the medical benefit and fall outside PBM oversight.

From the perspective of our members, these costs are not experienced in isolation. PBMs, TPAs, provider networks, and related vendors frequently operate within interconnected or affiliated structures, and the financial arrangements that drive plan costs often span across these entities. Where disclosure requirements apply only to PBMs, there remains a significant risk that compensation and pricing mechanisms will be shifted to other entities without improving overall transparency.

This creates a practical challenge for fiduciaries. NAPO members are responsible for evaluating the reasonableness of total plan costs and ensuring that plan assets are used appropriately. That responsibility cannot be met if visibility is limited to only one component of the system. A PBM-only framework does not eliminate fiduciary risk. It shifts that risk onto plan sponsors, increasing their exposure to disputes and litigation over costs and arrangements they are not given the information to fully assess.

For these reasons, we respectfully encourage the Department to expand the final rule to include all material service providers to group health plans, particularly TPAs and entities involved in claims administration, network access, and payment functions.

We also believe that disclosure must be sufficiently detailed to be meaningful in practice. High-level summaries of compensation are helpful but often do not capture how costs are actually generated. Important sources of compensation may be embedded in claims payments, tied to third-party arrangements, or connected to affiliated entities in ways that are not visible through summary reporting alone.

Accordingly, we encourage the Department to require disclosures that allow plan fiduciaries to understand how compensation is earned and how it relates to actual plan spending, including indirect compensation and financial relationships involving affiliates, subcontractors, and third parties.

Equally important is access to underlying claims and payment data. Our members ultimately fund the claims paid under their health plans, yet access to detailed claims information is often limited or difficult to obtain in a usable format. Without this data, it is not possible to verify whether disclosed compensation aligns with actual plan experience or to assess the accuracy and appropriateness of payments.

We therefore encourage the Department to ensure that plan fiduciaries have meaningful, ongoing access to claims and encounter data, along with the ability to review and validate how plan dollars are being spent. Audit rights should extend beyond verifying disclosures to include review of underlying transactions, payments, and contract performance.

Finally, we note that recent statutory changes under the Consolidated Appropriations Act, 2026 reflect a broader move toward transparency across all entities providing services to group health plans. Aligning the final rule with this framework would provide greater consistency and better support plan fiduciaries in fulfilling their responsibilities.

We appreciate the Department's leadership on this important issue and respectfully urge the Department to build on this strong foundation by extending transparency requirements across the full scope of group health plan services. Doing so will better equip plan sponsors to manage costs, protect plan assets, and deliver high-quality, affordable benefits to the law enforcement officers and families we represent.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Johnson', written over a horizontal line.

William J. Johnson  
Executive Director