

Statement for the Record: The National Community Pharmacists Association

United States Congressional Joint Economic Committee

Hearing: “Stop Paying More for Less: Realigning Health Care Incentives to Improve Outcomes and Reduce Costs”

December 17, 2025

Chairman Schweikert, Ranking Member Hassan, Vice Chair Schmitt, Vice Ranking Member Beyer, and members of the committee:

The National Community Pharmacists Association (NCPA) welcomes the opportunity to provide a statement for the record for the Joint Economic Committee’s hearing, “Stop Paying More for Less: Realigning Health Care Incentives to Improve Outcomes and Reduce Costs.” NCPA represents America’s community pharmacists, including 18,900 independent community pharmacies across the country. Together, our members employ 235,000 individuals and provide an expanding set of health care services to millions of patients every day. Our members are small business owners who are among America’s most accessible health care providers. We commend your bipartisan leadership on this issue and thank you for prioritizing the rising cost of health care, its root causes, and pharmacy benefit manager (PBM) reform in the 119th Congress.

Community pharmacists play a vital role in addressing health care access challenges and improving health outcomes of patients. As trusted health care providers, pharmacists are often the most accessible health care professionals in rural and underserved communities. They provide essential services, including medication therapy management, immunizations, chronic disease management, and preventive care screenings, helping patients manage their health conditions and avoid costly hospitalizations. Research from the University of Southern California-NCPA Pharmacy Access Initiative shows that across the country, roughly one in eight neighborhoods are pharmacy shortage areas, and when a pharmacy shortage area gains pharmacy access, it is most likely due to an independent pharmacy opening.

We are encouraged that the committee has chosen to hold this hearing to look at ways to realign spending and achieve improved outcomes for patients. We would strongly urge you to focus on PBMs in this effort. The increasing dominance of PBMs poses a significant threat to consumers' convenient access to prescription medications and pharmacy services, while at the same time charging taxpayers excessively¹ and draining limited health care resources in public health programs like Medicare Part D, Medicaid, Tricare, and the Federal Employees Health Benefit Plan (FEHBP).

PBMs are largely unrecognized by most patients and misunderstood by many employers and payers (including governmental entities and taxpayers), but they profoundly influence U.S. health care decision making and drug spending. They have the power to determine which drugs patients may have and which pharmacies patients may use, and, through their affiliations with or ownership of pharmacies, control how much their competitors can be reimbursed for prescription drugs and other pharmacy services. They use this influence to increase their outlandish profits at the expense of taxpayers, patients, and local, independently-run pharmacies. Due to vertical integration, the three largest PBMs (representing over 80 percent of covered lives in this country) are owned by or own the three largest health insurance companies.

PBMs' anticompetitive practices, opaque reimbursement models, and restrictive contract terms have created an environment in which they can use their overwhelming market power to steer patients away from their competitors to their own pharmacies and pay themselves higher prescription reimbursement rates. Shockingly, these insurer-PBMs received billions of dollars in bailout subsidies from the federal government to keep premiums stable in Medicare Part D. This wasteful use of taxpayer dollars is one in which the committee should have a particularly strong interest. The PBMs essentially hold states and the federal government hostage by threatening to jack up premiums if they are required to behave fairly or openly. Indeed, they've spent tremendous sums of money fighting against any legislation that would require more transparency, let alone changes to their business model. And of course they would, because they are perhaps the only businesses in the world with the power to set prices for their smaller competitors and tell their competitors' customers where to shop.

To this end, we recommend that Congress pass the PBM reforms that were agreed upon at the end of last year. Those bipartisan, bicameral provisions save the taxpayers nearly \$5 billion, and include legislative measures that would enhance transparency and eliminate spread pricing in Medicaid managed care programs. They also would require CMS to define

and enforce reasonable and relevant contract terms in Medicare Part D, improving patient access to medications. These policies have been reintroduced in the House as the PBM Reform Act (H.R. 4317) and in the Senate as the PBM Price Transparency and Accountability Act (S. 3345). They are a good starting point that will help patients and pharmacies, but there is more to what the PBMs are doing.

Generally, we recommend that you investigate how PBMs administer the following taxpayer-funded or -subsidized public health programs aside from Medicaid:

- **Insurers/PBMs administering the Medicare Part D benefit.**
- **Express Scripts' (ESI) contract with the Department of Defense. (ESI is the Cigna-owned PBM which administers the Tricare pharmacy benefit on behalf of the Department of Defense.)**
- **Insurers/PBMs administering the FEHBP.**

Finally, we would like to share several reports that warrant your attention. Federal and state regulatory and legislative bodies have released scathing reports on PBM tactics, focusing heavily on their anticompetitive business practices and their responsibility for inflated drug costs. These largely unregulated PBMs are administering the pharmacy benefit for every single public health program with little oversight or accountability.

1. Just this month, the state of Alabama's Legislative Services Agency released a study commissioned to investigate the impact of PBM practices on drug prices and pharmacy access in the state as well as whether recently enacted legislation (SB 252, the "Community Pharmacy Relief Act") will be effective in stemming the tide of closures.

a. A Comprehensive Study of Pharmacy Benefit Managers and Their Impacts on Prescription Drug Prices, Access and Pharmacies (December 2025)¹

- The study found that from 2019-2024, Alabama lost a net 57 community pharmacies and 70 chain pharmacies. Almost half (48 percent) of Alabama ZIP codes lack a community pharmacy, and one in four residents live in an area with zero or only one pharmacy.
- Rural pharmacies fill 45 percent fewer prescriptions, and have 30 percent lower gross margins per prescription, making them more

¹ [A Comprehensive Study of Pharmacy Benefit Managers and Their Impacts on Prescription Drug Prices, Access and Pharmacies](#)

economically vulnerable. The study noted that “losing a community pharmacy at the minimum may cause continuity of care disruption, as patients typically visit their pharmacist two or more times as frequently as their primary care physician...visits with pharmacists are increasingly encompassing clinical, health and wellness services, suggesting they play an important and growing role in providing ‘routine’ care for minor and common health issues.”

- The study noted that 70 PBMs manage prescriptions for 325 million Americans; in contrast, there are 1,155 health insurers in the U.S. The three largest PBMs (ESI, CVS Caremark, and Optum Rx) as previously noted manage 79 percent of all prescriptions, while the three largest insurers (UnitedHealth Group, Elevance, and CVS/Aetna) own 40 percent of the market share for insurance. This shows how concentration in the prescription drug market is even greater than that for insurance.
- This study concluded, “PBM incentives often misalign with customer incentives to lower costs, increase patient affordability and provider access. Second, rural pharmacy closures risk worsening pharmacy and care deserts. And third, SB 252 is a meaningful step but cannot fully counteract structural PBM market forces alone.”

2. The Federal Trade Commission (FTC) has released two interim reports on PBM practices in the last 18 months.

a. Specialty Generic Drugs: A Growing Profit Center for Vertically Integrated Pharmacy Benefit Managers (February 2025)²

- The interim report is part of an ongoing inquiry launched in 2022 by the FTC and detailed PBMs’ price gouging over specialty generic drugs, including those for heart disease, cancer and HIV.
- It found, among other things, that Caremark Rx, ESI, and OptumRx controlled 44 percent of the commercial specialty generic 30-day market and 72 percent of those drugs were marked up more than \$1,000 per prescription.

² [Specialty Generic Drugs: A Growing Profit Center for Vertically Integrated Pharmacy Benefit Managers](#)

- The report analyzed 51 specialty generic drugs dispensed between 2017 and 2022 for those insured under commercial health plans and Medicare Part D prescription drug plans managed by the big three PBMs.
- It showed PBMs hiked the prices of some drugs by thousands of percent, including those treating deadly chronic conditions.
- It also found that PBMs may be steering highly profitable prescriptions to their own affiliated pharmacies, and that those affiliated pharmacies generated over \$7.3 billion of dispensing revenue in excess of the national average drug acquisition cost (NADAC).

b. Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies (July 2024)³

- This interim report is also part of an ongoing inquiry launched in 2022 by the FTC and showed how increasing vertical integration and concentration has enabled the six largest PBMs to control patient and pharmacy choices for nearly 95 percent of all prescriptions filled in the United States.
- According to the report, this vertically integrated and concentrated market structure has allowed PBMs to profit at the expense of patients and independent pharmacies. The report found that PBMs wield enormous power over patients' ability to access and afford their prescription drugs, allowing PBMs to significantly influence what drugs are available and at what price. This can have dire consequences, with nearly 30 percent of Americans surveyed reporting rationing or even skipping doses of their prescribed medicines due to high costs, the report states.
- The interim report also found that PBMs hold substantial influence over independent pharmacies by imposing unfair, arbitrary, and harmful contractual terms that can affect independent pharmacies' ability to stay in business and serve their communities.
- Additionally, the report detailed findings on PBM power and influence, self-prescribing, and efforts to limit access to low-cost competitors.

³ [Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies](#)

3. House Oversight and Accountability Committee released a report, titled **“The Role of Pharmacy Benefit Managers in Prescription Drug Markets”** in July 2024.⁴

- The committee found that the three largest PBMs have monopolized the market through deliberate, anticompetitive practices that have increased the cost of prescription drugs and put community pharmacies and patients at risk for the PBMs’ own financial advantage.
- The committee also found evidence that PBMs share patient information and data across their many integrated companies for the specific and anticompetitive purpose of steering patients to pharmacies a PBM owns.

NCPA thanks the committee, and hopes that this hearing will provide the necessary momentum to provide legislative relief. It is imperative that Congress enact legislation before January 30 to address these issues. Further delay of legislative action would be catastrophic to community pharmacies and their patients. We applaud the bipartisan, bicameral efforts to address PBM reform, and we urge lawmakers to continue to work in a bipartisan manner to pass comprehensive, meaningful reforms that save \$5 billion for taxpayers. We stand ready to work with you and thank you for your attention to this issue. Please contact Anne Cassity (anne.cassity@ncpa.org), Kaite Krell (kaite.krell@ncpa.org), or David Weissman (david.weissman@ncpa.org) with any questions you may have.

⁴ [The Role of Pharmacy Benefit Managers in Prescription Drug Markets](#)