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# Prescription Drug Middleman Potentially Profiting off Veterans

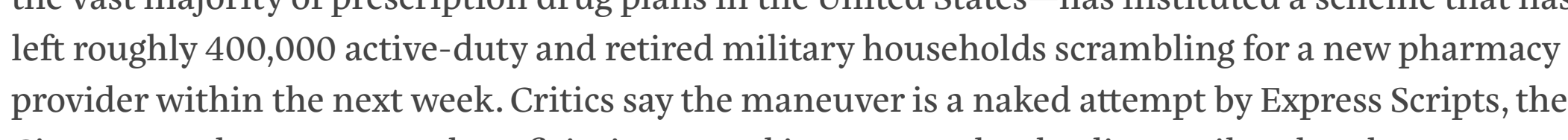
Express Scripts has forced 400,000 beneficiaries to find a new prescription filler. Critics say the company is steering them toward its own mail-order pharmacy.

BY DAVID DAYEN OCTOBER 19, 2022



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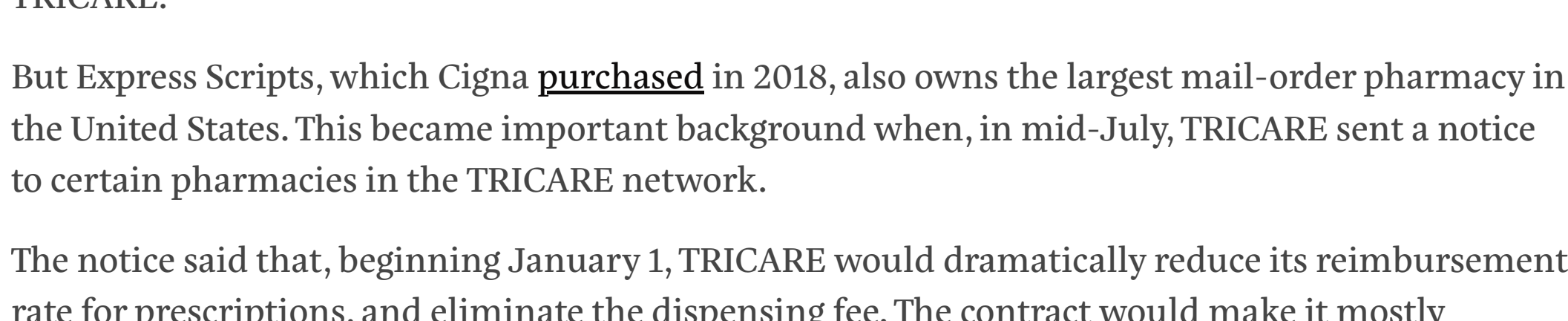
Advocates from AIDS Healthcare Foundation protest in front of Cigna's headquarters, October 18, 2022, in Bloomfield, Connecticut.



One of the three dominant U.S. pharmacy benefit managers (PBMs)—the middlemen that handle the vast majority of prescription drug plans in the United States—has instituted a scheme that has left roughly 400,000 active-duty and retired military households scrambling for a new pharmacy provider within the next week. Critics say the maneuver is a naked attempt by Express Scripts, the Cigna-owned PBM, to steer beneficiaries toward its own market-leading mail-order pharmacy.

Advocates and politicians from both parties have appealed to the Defense Department, which runs the **TRICARE Pharmacy Program** that was affected by this change. “The DOD should not be behaving in this way, or allowing its contractor to behave in this way, for what appears to be a money grab,” said Alan Rosenbloom, president and CEO of the Senior Care Pharmacy Coalition, a group of 325 long-term care pharmacies, which primarily serve patients in nursing homes and assisted-living facilities.

Senators had hoped to insert an amendment that would remedy the issue into the National Defense Authorization Act (NDAA), which will likely be advanced during the lame-duck session. But last week, the fix, authored by Sen. James Lankford (R-OK), did not make it into a manager’s amendment, which will become the baseline bill on the Senate floor. That means that in order to prevent Express Scripts’ TRICARE action, senators will have to get the Lankford amendment voted on and passed. That’s a more difficult climb than getting folded into the manager’s amendment, even for an amendment that would block something that so clearly presents a hardship to military families.

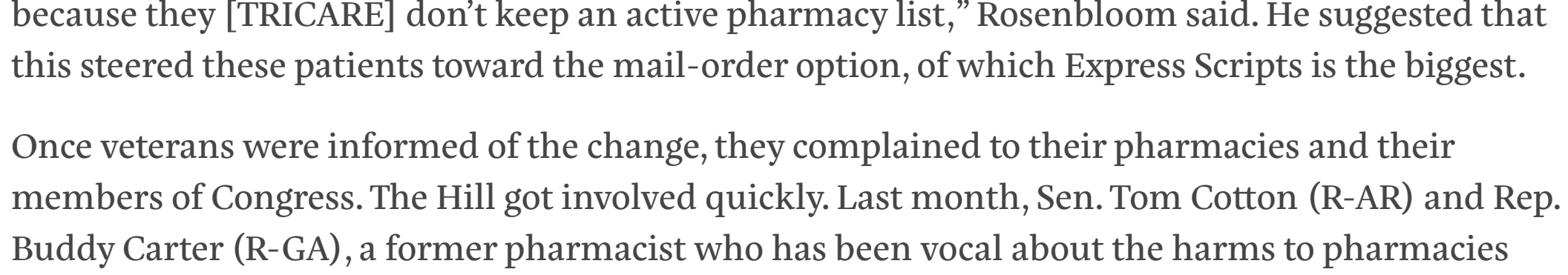
*More from David Dayen*

The TRICARE program, which serves 9.6 million Americans, signed a new five-year contract last year with Express Scripts to manage its prescription drug benefit. This includes coverage for a subset of military retirees or family members in long-term care facilities. PBMs are supposed to use their negotiating skills to secure discounts on prescription drugs for health plans like TRICARE.

But Express Scripts, which Cigna **purchased** in 2018, also owns the largest mail-order pharmacy in the United States. This became important background when, in mid-July, TRICARE sent a notice to certain pharmacies in the TRICARE network.

The notice said that, beginning January 1, TRICARE would dramatically reduce its reimbursement rate for prescriptions, and eliminate the dispensing fee. The contract would make it mostly unprofitable for pharmacies to serve TRICARE beneficiaries. Only selected pharmacies received this deal; Rosenbloom surmised that they were primarily in rural areas. He also noted that it was faxed to the pharmacies involved. “This is the 21st century,” Rosenbloom said.

Express Scripts indicated in the notice that pharmacies had 14 days to sign the contract and return via email, or they would be out of the TRICARE network. It was take it or leave it. “Some pharmacies did accept the contract because they didn’t want to abandon veterans,” said Rosenbloom. “The Defense Department is allowing contractors to hold up pharmacies, to say, ‘Either you accept a money-losing contract or take the blame for not serving veterans.’”



“The Federal Trade Commission opened an investigation into the PBM industry in June, in part looking into business practices that could be seen as anti-competitive.

In August, Express Scripts kicked several pharmacies that didn’t accept the offer out of the TRICARE network, along with those to whom the offer was never even sent. Nearly 15,000 pharmacies were eliminated from the network.

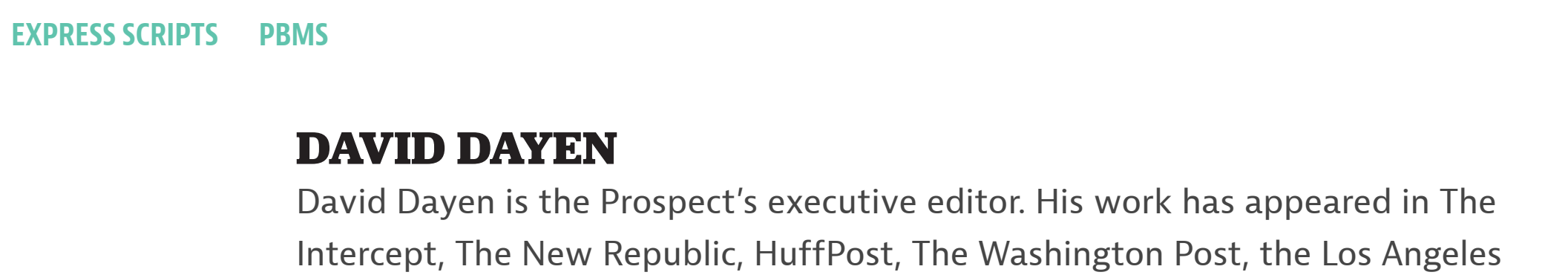
The following month, TRICARE informed the 400,000 affected beneficiaries that they needed to find a new pharmacy for their medications, because their pharmacy “decided to leave” the network. The letter changed the effective date; instead of January 1, beneficiaries had to find a new pharmacy by October 24.

Rosenbloom explained that the email notice gave beneficiaries two choices: one click for other in-network pharmacies, and one click for mail order. “In many cases, the pharmacies no longer exist, because they [TRICARE] don’t keep an active pharmacy list,” Rosenbloom said. He suggested that this steered these patients toward the mail-order option, of which Express Scripts is the biggest.

Once veterans were informed of the change, they complained to their pharmacies and their members of Congress. The Hill got involved quickly. Last month, Sen. Tom Cotton (R-AR) and Rep. Buddy Carter (R-GA), a former pharmacist who has been vocal about the harms to pharmacies from PBMs, **led a letter** from 107 members asking the Defense Department how they will “ensure adequate access to in-person pharmacy services for TRICARE beneficiaries.” Sen. Jon Tester (D-MT), chair of the Senate Veterans’ Affairs Committee, also **sent a letter** to Defense Department undersecretary for personnel and readiness Gil Cisneros, a former congressman.

In a statement to the *Prospect*, Tester said, “Reducing access to prescription drugs for our troops, military retirees, and their families is totally unacceptable, which is why I’m urging Under Secretary Cisneros to address this urgent matter as quickly as possible. I will continue to strongly oppose any efforts to restrict rural Montanans’ access to their local pharmacies and needed medications.”

Sen. Lankford’s amendment to the NDAA would lock in pharmacy networks for 2022 and 2023, reversing the Express Scripts order. It would also prevent PBMs from using the TRICARE system to benefit pharmacies they control. While this would seem like an issue of interest to both parties, not making the manager’s amendment will raise the challenge for passage. Sen. Lankford did not respond to a request for comment.



Express Scripts **has said** that 90 percent of beneficiaries in TRICARE will still have a pharmacy within a 15-minute drive of their home. But Rosenbloom noted that mail-order pharmacies cannot replicate the services of the senior care pharmacies in his coalition, which are required by law.

Under requirements from Medicare, patients in long-term care facilities must get all of their drugs in consistent packaging, a necessity when literally thousands of pills must be taken every day by nursing home residents. They also must have access to consultant pharmacists who go into facilities and work with care planning teams and families on monthly reviews. “Neither retail or mail-order pharmacies are equipped to provide these services,” Rosenbloom said. “You’re essentially denying access.”

While TRICARE doesn’t represent a large part of pharmacy revenues in most long-term care facilities, forcing pharmacies to accept losses to care for veterans is an option at least some of them have chosen not to take.

The Federal Trade Commission **opened an investigation** into the PBM industry in June, in part looking into business practices that could be seen as anti-competitive. The investigation includes scrutiny of “methods to steer patients towards pharmacy benefit manager-owned pharmacies.” Three large PBMs, which all in recent years have merged with a large insurance company (Express Scripts and Cigna, OptumRx and UnitedHealth, and CVS Caremark and Aetna), control **about 80 percent of the market**.

Earlier this month, a bipartisan group of seven senators **urged the FTC** to complete its investigation.

Express Scripts isn’t the first PBM to steer patients to entities more favorable to its interests, or to use the information advantage it has in the pharmaceutical supply chain to its advantage. “It isn’t really a free market, it’s an oligopolistic one,” said Rosenbloom. “And it makes it hard for small businesses to survive.”

HEALTH & SOCIAL POLICY VETERANS AFFAIRS PRESCRIPTION DRUGS CORPORATE POWER MONOPOLY CONGRESS EXPRESS SCRIPTS PBMS

## DAVID DAYEN

David Dayen is the *Prospect’s* executive editor. His work has appeared in *The Intercept*, *The New Republic*, *HuffPost*, *The Washington Post*, the *Los Angeles Times*, and more. His most recent book is ‘Monopolized: Life in the Age of Corporate Power.’

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