

To whom it may concern:

As an Independent pharmacist that has been working in pharmacy for the last 15 years, I have seen PBM practices evolve in an ever more predatory way to ensure their profitability.

I now own 3 independent pharmacies. The big 3 PBM's Express Scripts, CVS Caremark, and Optum Rx are driving independent pharmacies out of business.

Contractual obligations/predatory audit practices that provide them with technicalities not to pay claims(when there is no effect on the quality of patient care,) questionable claims processing practices(coupons/good RX) being applied and insurance not paying toward claims whatsoever, formulary choices depending on how large their kickback is from the manufacturer(this forces patients to obtain brand medication and pay more even when cheaper generics are available,) and then they reimburse the pharmacy less than cost(sometimes hundreds of dollars per RX.) I am reimbursed below cost on ~1/5 RX that I fill. Those 1/5 underwater prescriptions accounts for us filling every 2-3/5 RX for free( I currently have \$60,000-\$80,000/month in underwater prescriptions.) For 2025 Express Scripts, CVS Caremark, and Aetna have proposed reimbursement rates that would force us to fill all RX at an average that is below our cost. I have spent 1/3 of my life in this business forging relationships with patients and gaining their trust. In 2025 I am going to have to tell 30-40% of them I can no longer afford to fill their prescriptions. I live in a rural community where patients drive upwards of 45 minutes(40+ miles) to come use my services. They will really have no choice but to use a mail order pharmacy(conveniently owned by Express Scripts, CVS Caremark, or Optum RX.)

Patients are suffering monetarily as well. I'm told the intended function of a PBM was to ensure pricing protections for patients and reduce medical costs. I have seen none of this happen. There is an attempt to get the patient to pay cash rather than using insurance as often as they can either incentivize or discourage patients into not using their coverage. Cheap generics will have astronomical copayments forcing them to pay cash or obtain alternative drugs(certain brand names) that the PBM makes more money on. Medications will often have generic versions that are of lesser cost, but PBM's have organized their formulary to make brand versions of the same drug a more affordable copayment for the patient while reimbursing the pharmacy below cost of the drug. PBM's are receiving manufacturer rebates that incentivizes them to do so. This added cost is pushed onto the employer or person paying the premium. Many cheap medications are no longer on formulary by design and the PBM automatically applies a copay card which gives the patient a cash price. Once these copay cards are used against our will the patient pays the entire cost of the medication, and a fee(~\$4.50-12) is assessed to the pharmacy filling the prescription. This increases patient costs, typically reimburses us less than cost/cost to dispense after fee is assessed, and the PBM makes money for no reason...

There have been multiple attempts to steer patients away from my pharmacies. Caremark has sent letters directly to patients (twice in the last 2 years) stating they will no longer be able to get their prescriptions with me. These letters went out to thousands of my patients. My staff and I have had to navigate hundreds of interactions with angry, confused, sometimes even crying patients who we've taken care of for years that have been predated upon by Caremark in an attempt to steer prescriptions elsewhere.

This year Optum RX did something similar. We hold, and have held for years, a non-preferred contract with them. For January and February of this year they opted to provide my patients with a "grace period" in which they received preferred pharmacy copayments. Then in March their copayments changed back to their standard amount. This prompted a great deal of patients to question their copayments. We were not notified this was happening, so all we could advise was for them to call their insurance company. Upon calling their insurance company they were directed by the PBM to change pharmacies due to us holding "non-preferred" status. I've lost many patients in March and April.

PBMs, Wholesalers, and Chain drug stores also have the market cornered on "specialty pharmacy drugs." There is nothing special about these drugs except that they are expensive and create a large amount of profit for those who dispense them. Independent pharmacies are prevented from doing so because PBM's carve those drugs out of our payment model and put them into the pharmacies they operate themselves. This is prescription steering and monopolization of an entire sector of the pharmacy market.

I'm told that the business model PBM's operate under is called Vertical Integration, where they have their hands in all aspects of the pharmacy marketplace, but Monopoly at this point is much more fitting. It is astounding that 3/4 largest pharmacies in the US are PBM owned, but Independent Pharmacies are being pushed to the brink of extinction.

I IMPLORE you to investigate and concoct your own deductions of how PBMs are operating. All I can say is that I operate a pharmacy that has been in business for 48 years and in those 48 years nothing has been more dire than our current circumstances with PBMs in the drivers seat. I can honestly say that this extends to our patients as well. People are fed up with the games it takes to obtain their medicines affordably. We are in this dance where we want to take care of people, but can no longer have to pay the PBM to do so. We are being extorted.

Respectfully,

Jordan Marchetti PharmD

President – TDS Inc