

Testimony of

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**Before the
House Judiciary Committee
Subcommittee on Regulatory Reform, Commercial & Antitrust Law**

“The State of Competition in the Pharmacy Benefit Manager & Pharmacy Marketplaces”

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Chairman Marino, Ranking Member Johnson, and other Members of the Subcommittee, my name is Amy Bricker. I am a licensed pharmacist and serve as Vice President, Retail Contracting & Strategy at Express Scripts. Thank you for the opportunity to be here today and share our perspective on competition in the pharmacy benefits manager and pharmacy marketplaces.

Express Scripts is the nation's largest pharmacy benefit manager, or PBM. We provide pharmacy services to about 86 million Americans covered by our clients: large employers, health insurers, labor unions, TRICARE, Medicare, Medicaid, and Marketplace plans. Express Scripts employs more than 25,000 hard-working, dedicated employees nationally. We have more than 2,000 employees in Pennsylvania and more than 700 employees in Georgia.

Our number one goal is to make prescription drugs safer and more affordable for our patients and clients. Everything we do as a company is aimed at that goal. In a changing system, the demand for pharmacy services and prescription drugs has never been stronger. When used properly, prescription drugs keep patients healthy and costs lower for everyone.

As the Subcommittee examines PBM and pharmacy competition, we want to emphasize three takeaways:

First, the PBM marketplace is extremely competitive. Dozens of national and regional PBMs offer payers competing services and products.¹ PBMs compete on price, data analytics, customer service, pharmacy access, clinical support services, and many other factors. Payers have a wide choice of PBMs and use that power to demand favorable pricing and contract terms. Express Scripts is an independently operated PBM. Some PBMs are owned by chain drugstores while others are owned by health insurers. We believe our independent business model provides our clients with a clear choice when choosing a PBM.

Second, scale matters. Express Scripts' scale allows it to negotiate discounts from drug manufacturers and pharmacies that lower costs for our clients and patients. Express Scripts creates competition by forcing drug makers to compete against one another for placement on plan formularies and to gain market share. In a similar way, Express Scripts creates competition among more than 66,000 retail pharmacies nationwide. We contract either individually with retail pharmacies or through group purchasing organizations, called PSAOs,² which represent networks of pharmacies. Like large chain pharmacies, PSAOs negotiate discounts in return for a higher volume of patients. Under Medicare Part D, the TRICARE program, and some private plans, we must ensure patients have access to a minimum number of pharmacies within a region.³ In rural areas, independent pharmacies know that Express Scripts needs them in our network to meet Medicare access rules and thus command a premium.

¹ [Statement](#) of the Federal Trade Commission Concerning the Proposed Acquisition of Medco Health Solutions by Express Scripts, Inc. FTC File No. 111-0210, April 2, 2012

² Government Accountability Office, [The Number, Role, and Ownership of Pharmacy Services Administrative Organizations](#), GAO-13-176, January 29, 2013.

³ Code of Federal Regulations, Title 42, § 423.120

In a changing system, our scale helps drive savings. Brand drug makers may have short-term pricing power when bringing a breakthrough drug to market. However, our scale helps level the playing field when a brand or generic competitor emerges. Scale also allows us to drive a hard bargain and lower costs for patients, clients, and taxpayers.

In 2014, the rate of growth in prescription drug spend grew rapidly. Much of this growth was driven by an increase in the unit cost of prescriptions.⁴ Closely managed plans spent nearly one-third less per member on traditional medications, when compared to unmanaged plans. In short, the tools we use can – and do -- help keep costs lower for clients and patients. Any effort to undermine our proven tools will mean higher costs for patients and payers.⁵

The third takeaway relates to independent pharmacies. In a changing system, independent pharmacies are more than holding their own. This is great news. The National Community Pharmacists Association recently published its annual digest⁶ and it contains important data:

- One, the number of independent pharmacies has held steady over the past four years, even with the increasing rate of acquisition of independents by retail chains.
- Two, over the past decade, gross profits have held steady at around 23 percent.
- And three, over the past decade, annual sales *per store* have hovered between \$3.6 million and \$4 million per year.

In conclusion, Express Scripts values our relationships with our pharmacy partners, including independent pharmacies. Without independent pharmacies, we could not offer clients and patients a high-quality pharmacy benefit. The key lesson of the past five years is that effecting change requires stakeholders to work together. Rather than pit one part of pharmacy against another, we can and must work together to lower costs for payers and improve patient outcomes. Thank you again for the opportunity to be here today. Chairman Marino and Ranking Member Johnson, and other Members of the Subcommittee, I am happy to answer any questions that you may have.

⁴ [The 2014 Drug Trend Report](#), Express Scripts, March 2015

⁵ [Pharmacy Benefit Managers: Generating Savings for Plan Sponsors & Consumers](#), Visante, prepared for the Pharmaceutical Care Management Association, September 2011.

⁶ [NCPA Press Release](#), October 13, 2015