

March 6th, 2025

The Honorable Susan R. Donovan
Chairwoman
House Committee on Health and Human Services
82 Smith Street, House Lounge
Providence, Rhode Island 02903

RE: House Bill No. 5254, AN ACT RELATING TO INSURANCE -- PHARMACY FREEDOM OF CHOICE -- FAIR COMPETITION AND PRACTICES

Dear Chairwoman Donovan and Members of the House Health & Human Services Committee:

I am a pharmacy billing specialist at Asthenis, a local, independently owned pharmacy. Despite working with PBMs every day, I am constantly confused by them. They're not transparent about what they do, and legally, they don't have to be. They claim they save consumers money, but without any clear window into their processes and data, there is no way to verify that.

Here are some things you *can* verify:

- The largest PBMs in the country, including Caremark, Express Scripts, Prime Therapeutics, and OptumRx, are vertically integrated, i.e. *wholly owned by* insurance companies, the same people they claim to negotiate with to achieve lower prices for consumers.
- In July 2024 the FTC released an interim report¹ finding dozens of unfair practices within PBMs at the national level, like obscure fees and clawbacks to independent pharmacies and unnecessarily requiring prior authorization for vital drugs. This closely follows a June 2024 report by the New York Times which found similar data.²
- In 2023, 80% of all prescription drug claims in the country were processed through PBMs,³ and PBMs (and also their parent companies) saw enormous profits from that business.⁴
- Despite that profit, the number of retail pharmacies in Rhode Island has been on a steady decline since 2019,⁵ and Walgreens and CVS locations are closing all over.⁶ We have the second lowest percentage of independently owned pharmacies in the country, leaving consumers with precious few places to get their meds.

If you don't like the line at CVS now, imagine what it will be when all the independents are gone; pharmacies like Green Line Apothecary, which closed all its locations and transferred patients to CVS just this past year; like Simpson's Pharmacy in Pawtucket, which closed in 2023 after 93 years in business; like Baker's Pharmacy in Jamestown, which left the island with no other pharmacies when it closed in 2019; like the Wakefield Prescription center, which was acquired by CVS in 2019 after 47 years of being independent.

Thank you for the opportunity to comment on this important legislation. Please feel free to reach out to me directly if you are seeking more data on this issue.

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Sources:

¹ "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies." *Federal Trade Commission*, 9 July 2024, www.ftc.gov/reports/pharmacy-benefit-managers-report.

² Robbins, Rebecca, and Reed Abelson. "The Opaque Industry Secretly Inflating Prices for Prescription Drugs." *The New York Times*, 21 June 2024, www.nytimes.com/2024/06/21/business/prescription-drug-costs-pbm.html.

³ Fein, Adam J. "The Top Pharmacy Benefit Managers of 2023: Market Share and Trends for the Biggest Companies—and What's Ahead." *Drug Channels*, 9 Apr. 2024, www.drugchannels.net/2024/04/the-top-pharmacy-benefit-managers-of.html.

⁴ "CVS Caremark Rx, Cigna's Express Scripts and UnitedHealth's OptumRx...combined collected \$456.3 billion in revenue in 2023." Armstrong, Annalee. "Deep Dive: PBM Reform." *BioSpace*, 18 Sept. 2024, www.biospace.com/business/deep-dive-pbm-reform.

⁵ Sherman, Eli, and Tim White. "Website Filtered." *Wpri.com*, 2025, www.wpri.com/target-12/pharmacies-dwindle-in-ri-amid-national-battle-over-how-drugs-are-priced/.

⁶ Berenbrok, Lucas A, et al. "Why Pharmacies Are Closing – and What to Do If Yours Shuts Its Doors." *WPRI.com*, 23 Feb. 2025, www.wpri.com/news/national/why-pharmacies-are-closing-and-what-to-do-if-yours-shuts-its-doors/.