Remarks of NCPA President Michele Belcher to FTC/DOJ Listening Forum on Firsthand Effects of Mergers and Acquisitions in Health Care
Thursday, April 14 at 2 p.m. ET

Good afternoon, Chair Khan, and Assistant Attorney General Kanter and staff. I am Michele Belcher, the National Community Pharmacists Association's current president and the proud owner of Grants Pass Pharmacy in Grants Pass, Ore. Grants Pass Pharmacy has been in the community since 1933 and is the last remaining independent pharmacy in the area. It has an old-fashioned soda fountain and an extensive gift area. It is a combo-shop pharmacy that specializes in hospice and long-term care, and offers multiple adherence packaging systems.

NCPA represents America's community pharmacists, including 19,400 independent community pharmacies. Our members represent a $67 billion health care marketplace, employ 215,000 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, and they continue to be on the front lines providing vital COVID-19 vaccines and antiviral treatments. At the same time, the three largest PBMs control 80 percent of the health plan pharmacy benefit market and are vertically integrated upstream with the three largest insurance providers – Aetna, Cigna, and UnitedHealth – and downstream with mail-order and retail pharmacies that compete directly with independent pharmacies.

Vertical consolidation in our industry has created a perverse environment where one competitor sets another competitor's prices, dictates their competitors' reimbursements, uses their competitors' data to steer patients to their own stores, and limits where and what consumers can buy.

As a small business owner and an advocate for my patients, I can say with certainty that vertical consolidation in our industry has limited access to care, stifled innovation, and increased prices for consumers. All of these harms start with PBMs offering take-it-or-leave-it contracts to independent pharmacies. These contracts, and the related provider manuals and rate sheets, serve as the stepping-off point for PBM anticompetitive activity and consumer deception. While PBMs claim to be saving money and reducing the costs of drugs, you have to look no further than Medicare Part D and how PBMs have used these contracts to squeeze independent pharmacies and Medicare Part D beneficiaries over the past decade.

I know you have probably heard it before, but it is worth repeating; CMS reported that between 2010 and 2020, PBMs increased direct and indirect remuneration fees by 107,400 percent. In Medicare, DIR fees inflate the amount that seniors pay for prescription drugs at my pharmacy counter because the amount seniors pay is supposed to be based on the true cost of the drug, not an inflated number that is later reduced. Ask yourselves this: if you have parents or grandparents who are Medicare Part D beneficiaries, have they ever received money back from their insurer for overpayment of their copay or coinsurance based on the PBM-inflated drug prices at the counter? I doubt it.

Vertical consolidation has also led to PBMs steering patients to Aetna-, Cigna-, and UnitedHealth-owned pharmacies, unfortunately, to the detriment of patient health. Steering often involves so-called specialty drugs, which the PBMs define as drugs used to treat complex or chronic medical conditions that require lab monitoring, additional patient education, adherence, support, and administration technique training – services provided regularly by my pharmacy, and many like mine. Unfortunately, for patients who are on these drugs, PBMs often steer them to PBM mail-order pharmacies that cannot provide any of these services.

Lastly, PBM contracts are predatory. Recently, I have learned that one PBM, in response to CMS' proposed rule to change DIR, sent a contract amendment for 2023 that will compensate independent pharmacies 10 percent below a pharmacy's wholesale acquisition cost, provides no dispensing fee, and assesses a $0.75 performance pool fee. And I have seen studies in Arkansas, Oklahoma, and Florida that demonstrate PBMs pay their own pharmacies more than independent pharmacies for the same drugs. How can that be, when mail order and vertical consolidation are supposed to create efficiencies and cost savings?

Thank you for allowing me this time to speak with you today. I hope that you will see that our industry is in desperate need of regulatory oversight and that without it, small businesses will continue to be put out of business and consumers will be harmed.

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