

“PBMs save money” ... really??



Middlemen known as pharmacy benefit managers (PBMs) extract billions from government-funded programs through opaque rebates, spread pricing, captive pharmacy steering, and fee schemes that divert taxpayer dollars away from patients and pharmacies. **Reining in their harmful business practices has proven to be the proverbial game of Whac-A-Mole. Despite PBMs' claims that they lower prices for patients and payers, investigations and the courts continue to uncover their abuses and manipulations.** Here are just some examples.

KEY EVIDENCE AND GOVERNMENT IMPACTS

MARCH 2026: CVS Caremark — FEHBP: An audit found that **CVS Caremark overcharged the Federal Employees Health Benefits Program by more than \$615 million** by failing to pass through required pharmacy discounts, credits, and pricing benefits.¹

MARCH 2026: CVS Aetna: Paid a \$111.7 million settlement to resolve allegations that it submitted or failed to withdraw inaccurate and untruthful diagnosis codes, leading to enhanced payments.²

AUGUST 2025: CVS Caremark — Medicare Part D: Found to have **overcharged Part D plans** for generics from 2010-2016 and **ordered to pay a \$285 million penalty**.³

JUNE 2025: Omnicare: **Ordered to pay \$948.8 million in penalties and damages** in a whistleblower lawsuit claiming that **Omnicare fraudulently billed the U.S. government for invalid prescriptions**.⁴

MARCH 2025: Centene/Envolv — Medicaid managed care: State probes from 2021-2025 alleged **spread pricing and related overcharges** across more than 20 states, **producing settlements collectively approaching \$1 billion**.⁵

MARCH 2024: Express Scripts — U.S. Postal Service: An audit found nearly **\$45 million in overcharges** from 2016-2021; roughly half tied to negotiated rebates that contracts required be returned to the plan but were retained by PBM-linked entities.⁶

ONGOING: Federal Trade Commission and insulin pricing litigation: Federal actions allege major PBMs inflated prices for essential drugs such as insulin, contributing to dramatic price increases and access barriers.

HOW PBM PRACTICES HARM GOVERNMENT-FUNDED PROGRAMS

Rebates are opaque and often retained: Contracts requiring rebates be passed to plans are frequently circumvented, **reducing funds available for public beneficiaries**.

Spread pricing undermines Medicaid oversight: PBMs bill Medicaid managed care plans more than they reimburse pharmacies, **creating hidden profit margins that states struggle to detect** without clearer reporting.

DIR and fee complexity erode plan value: Retroactive fees, including hundreds of direct and indirect remuneration (DIR) line items per drug, **make true net costs unpredictable and audits difficult**.

Vertical ownership and steering: PBMs steer patients to pharmacies they own or control, limiting patient choice within government programs, **increase costs to taxpayers and harm community pharmacies**.

Prioritizing cost over care: Formularies, prior authorization, and pharmacy steering prioritize PBM financial arrangements over prescriber recommendations and patient needs, **increasing administrative burden for public plans**.

< SOURCES:

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4. www.reuters.com/legal/government/judge-orders-cvs-omnicare-unit-pay-949-million-over-invalid-prescriptions-2025-07-08
5. oversight.house.gov/wp-content/uploads/2024/07/PBM-Report-FINAL-with-Redactions.pdf
6. www.statnews.com/pharmalot/2024/07/22/express-scripts-overcharged-postal-workers-by-45-million-audit-says

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ENFORCEMENT IN THE STATES

2022: In **West Virginia**, Caremark agreed to a consent order to pay **\$270,000** for not complying with state code requiring reimbursement of no less than NADAC plus a \$10.49 dispensing fee.

2023: In **Minnesota**, the Department of Commerce levied a **\$500,000 penalty against Caremark** after alleging that Caremark **violated state law prohibiting patient steering**.

2023: In **Oklahoma**, Insurance Commissioner Glen Mulready filed an administrative action to **penalize Caremark for directing its patients to use the company’s in-person and mail-order pharmacies** instead of other drugstores, despite previously being sanctioned for such practices.

2023: The **Louisiana** Department of Insurance fined Express Scripts and MedImpact for delays in paying adjudicated claims on behalf of the Office of Group Benefits. **Express Scripts paid a fine of \$275,000 and \$1.5 million of interest to the affected pharmacies. MedImpact was fined \$250,000 respectively and paid approximately \$602,000 in interest to affected pharmacies.**

2024: The **Arkansas** Insurance Department announced that it brought **penalties and hearings against Caremark, Express Scripts, Magellan, and MedImpact with \$1.47 million** in possible penalties.

2025: In **Oklahoma**, **CVS Caremark will pay \$32.1 million to the state** as part of a settlement over its handling of discounts and rebates.

2025: In **Oklahoma**, **CVS Caremark will pay over \$5 million** in a settlement over allegations it under-reimbursed pharmacies in the state.

2025: In **West Virginia**, the West Virginia Office of the Insurance Commissioner issued a **\$1.4 million fine to CVS Caremark based on 2,871 violations** of many provisions in the 2021 Pharmacy Audit Integrity Act.

2025: In **Tennessee**, the Department of Commerce and Insurance (DCI) recently issued four consent orders for failing to comply with PBM laws. **DCI fined Express Scripts \$250,000 for 12 violations**, including failure to pay enhanced dispensing fees to low-volume pharmacies; paying affiliated pharmacies more than non-affiliated pharmacies; not paying actual acquisition cost even after appeals; performing pharmacy audits within the first seven days of the month; and making illegal recoupments. Meanwhile, **DCI issued three fines of \$250,000 each to Caremark entities** for not reporting required information related to MAC lists, networks, external appeals, claims, and audits.

2026: **West Virginia** Insurance Commissioner Allan McVey issued an **\$800,000 penalty on Navitus for violations** of the state’s pharmacy audit, pharmacy reimbursement, and rebate pass-through laws between Jan. 1, 2023 and June 1, 2024.

2026: The **Tennessee** Department of Commerce and Insurance audit of CVS Caremark’s 2024 operations identified violations of Tennessee PBM requirements. **It found reimbursements favoring CVS-affiliated pharmacies as much as 16,510 percent higher than non-affiliated pharmacies; violations of the spread pricing ban; and failure to pay required dispensing fees correctly for many low-volume and rural pharmacies.**



Founded in 1898, the National Community Pharmacists Association is the voice for the community pharmacist, representing over 18,900 pharmacies that employ more than 235,000 individuals nationwide. Community pharmacies are rooted in the communities where they are located and are among America’s most accessible health care providers. To learn more, visit www.ncpa.org.