

The Big 3 PBMs: A Record of Legal Violations & Government Findings

CVS Caremark, Express Scripts, and OptumRx

Control **80%** of U.S. Prescriptions



FORTUNE 500 STATUS & MARKET DOMINANCE

Parent Company Rankings & Revenue (2024 Fortune 500)

- **UnitedHealth Group** (owns OptumRx) #4 - Revenue: **\$371.6 billion**
- **CVS Health** (owns CVS Caremark) #6 - Revenue: **\$357.8 billion**
- **The Cigna Group** (owns Express Scripts) #16 - Revenue: **\$195.3 billion**

These three corporations control **80% of all U.S. prescriptions** and **generate over \$924 billion in combined**

annual revenue—larger than the GDP of many countries.

FEDERAL TRADE COMMISSION FINDINGS

FTC Lawsuit Filed (September 2024)

- The FTC sued CVS Caremark, Express Scripts, and OptumRx for "rigging pharmaceutical supply chain competition in their favor, forcing patients to pay more for life-saving medication"
- Alleges PBMs created "a broken rebate system that inflated insulin drug prices, boosting PBM profits at the expense of vulnerable patients"

FTC Reports (July 2024 & January 2025)

- Found the Big 3 **PBMs inflated costs** for specialty generic drugs" to the tune of **\$7.3 billion over six years**"
 - **PBMs marked up specialty drugs by 22 times their cost - charging \$3,930** for drugs that cost **\$177**
 - **Generated \$1.4 billion** from "**spread pricing**" by charging more than they paid for drugs
 - Found PBMs "directed the most profitable prescriptions to affiliated pharmacies at the expense of independent operators"
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DEPARTMENT OF JUSTICE SETTLEMENTS & LAWSUITS

CVS Caremark

- **\$6 million settlement** (2014) for knowingly **FAILING** to reimburse Medicaid for prescription drug costs
- **\$4.25 million settlement** (2014) for **DENYING** Medicaid claims for reimbursement
- Nationwide lawsuit filed (January 2025) alleging CVS "filled **UNLAWFUL** prescriptions in **violation of the Controlled Substances Act**"
- **\$5.25 million settlement** for CVS subsidiary RxAmerica for **FALSE** Medicare Part D pricing submissions

OptumRx (UnitedHealth)

- **\$20 million settlement** (2024) for **IMPROPERLY** filling **opioid prescriptions without addressing "red flags"**
 - **\$15 million settlement** with Ohio (2022) for **OVERBILLING** the Ohio Bureau of Workers' Compensation
 - **\$5.8 million settlement** with Massachusetts (2022) for **FAILING** to follow workers' compensation prescription pricing procedures
 - Under **DOJ antitrust investigation** (2024) for potential **anticompetitive effects**
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STATE AUDITOR FINDINGS

Illinois Auditor General Report (2023)

- Found over **\$200 million** in **spread pricing overbilling** to Medicaid over 2 years
- "There is **little monitoring** being done of the **PBMs** by HFS"
- HFS did **not** have **complete** copies of **contracts** between MCOs and PBMs
- "HFS was **unable** to provide support for adequate **monitoring of the PBMs**"

Ohio Auditor Report (2018)

- Found **PBMs collected \$208 million in fees** on generic Medicaid prescriptions, or 31.4% of the \$662.7 million paid
- **PBMs charged** the state **\$224.8 million** in "**spread pricing**" over **one year**
- Spread pricing "hit its peak in the fourth quarter of 2017" - exactly when pharmacies saw the **deepest reimbursement cuts**

Tennessee Report on Express Scripts (2025)

- Found **12 formal VIOLATIONS** and **9 additional observations**
- **Express Scripts VIOLATED** state laws by **FAILING** to **properly reimburse pharmacies**
- **Favored its own specialty pharmacy** operations by **paying higher dispensing fees**
- **FAILED** to **reimburse 265 pharmacy claims** within legally required 7 business days
- Ordered to pay \$250,000 fine for **failing to reimburse** a pharmacy

Kentucky Analysis

- Similar patterns of **excessive spread pricing** found in Kentucky's Medicaid program

CONGRESSIONAL FINDINGS

House Oversight Committee (2024)

- Chairman Comer threatened PBM executives with "steep fines — or jail time — for allegedly lying in a recent congressional hearing"
- Found PBMs "**steer patients to owned pharmacies**" and "**reimburse PBM-owned pharmacies** at a higher rate"
- Committee report found PBMs "embrace anticompetitive behavior" and "force manufacturers to pay rebates"

PATTERN OF VIOLATIONS

Common Schemes Across **All Three PBMs**:

- **Spread pricing** - charging health plans more than paying pharmacies
- **Steering** patients to their own pharmacies
- **Paying** their **own pharmacies** higher rates
- **Inflating** specialty **drug prices**
- **Keeping** manufacturer **rebates** meant for patients
- **Retaliating against pharmacies** that complain

Total Known Settlements & Fines:

- **CVS Caremark**: **Over \$20 million** in settlements plus **ongoing DOJ lawsuit**
- **OptumRx**: **Over \$40 million** in settlements
- **Express Scripts**: **\$250,000** Tennessee fine plus currently suing FTC to suppress damaging report

Pattern of Market Manipulation:

- **Illinois Auditor** found **PBMs paid themselves** over **\$4.8 billion** in 2020-2021
- **FTC** found **PBMs marked up drugs** by as much as **22 times their cost**
- Ohio found **PBMs paid affiliated pharmacies \$55.09** per prescription **vs. \$35.19** for independents
- Tennessee found **Express Scripts** systematically **avored its own pharmacies**

THE BOTTOM LINE

These are **not** isolated incidents but a pattern of **systematic abuse** by companies that **control 80%** of Americans' **prescription drugs**. The **Big 3 PBMs** have:

X Inflated drug costs by BILLIONS of dollars

X Driven independent pharmacies out of business

X Forced PATIENTS to PAY MORE for medications

X Deceived government programs and taxpayers

X Violated federal and state laws repeatedly

These findings demonstrate why comprehensive **PBM reform cannot wait**. The evidence is clear:

PBMs prioritize profits over patients.

YOUR ACTION TO HELP PATIENTS IS TO:

SUPPORT HB1697

Sources: *Federal Trade Commission Reports (2024-2025), Department of Justice Settlements, Illinois Auditor General Report (2023), Ohio State Auditor Report (2018), Tennessee Department of Commerce & Insurance Report (2025), Congressional Oversight Committee Findings, Fortune 500 Rankings (2024)*