



AMERICAN POSTAL WORKERS
UNION HEALTH PLAN:
MAIL-ORDER PHARMACY
MORE EXPENSIVE
THAN INDEPENDENT
PHARMACY ON 79% OF
COMMONLY PRESCRIBED
MEDICATIONS REVIEWED

Drug Pricing Policy

On the heels of the FTC interim staff report on prescription drug middlemen finding pharmacy benefit managers (“PBM[s]”) “profit at the expense of patients and independent pharmacists,”¹ and recent articles on PBMs underpaying local drug stores,² along with PBM claims of anecdotal evidence and cherry picking,³ APCI decided to review drug pricing between a Maryland independent pharmacy and the PBM-owned mail-order and specialty pharmacy in the American Postal Workers Union Health Plan (“Carrier”).⁴

The reasons for a review of this plan are three-fold. First, the pricing tool is public facing allowing for a review of pricing of in-network pharmacies as well as the PBM-owned mail-order pharmacy and specialty pharmacy.⁵ Second, the plan design utilizes what we understand to be preferred or narrow 90-day and specialty networks with the PBM-owned mail-order pharmacy (requiring beneficiaries to use the PBM-owned mail-order pharmacy to fill prescriptions for many of the most commonly prescribed drugs after two fills at in-network retail pharmacies),⁶ and the PBM-owned specialty pharmacy (for drugs identified by the PBM as “specialty”).⁷ Finally, a March 2024 Office of Inspector General (OIG) audit of the Carrier that uncovered over \$39 million in PBM overcharges despite the existence of a pass-through contract,⁸ contained a breakdown of number of claims by pharmacy segment (retail, mail, and specialty) and spend over a five year period:

| Pharmacy Segment | # of Claims | Total Spend | Average Reimbursement per Claim |
|---------------------|-------------|---------------|---------------------------------|
| Retail Pharmacy | 5,391,103 | \$426,432,502 | \$79 |
| Mail-order Pharmacy | 2,475,873 | \$940,016,723 | \$379 |
| Specialty Pharmacy | 7,155 | \$47,891,228 | \$6,693 |

While the segment claim number and total spend were not the focus of the audit itself, there were 117% more retail claims over the same period but the mail-order spend was 120% more than the retail spend, with the average mail-order claim being 380% more than the average retail claim. While these disparities warrant further scrutiny program wide, particularly in light of the PBM industry claims regarding the savings of mail-order pharmacies,⁹ it also piqued our interest in terms of whether there were disparities in reimbursements between the PBM-owned mail-order pharmacy and independent pharmacies.

With the top 130 medications representing approximately 85% of the nation’s prescriptions,¹⁰ we opted to review the 100 most commonly prescribed oral solids which represents 100 of the top 130 prescribed medications giving us deep insights into the pricing experiences of the PBM-owned mail-order pharmacy and independent pharmacies, through the lens of the Maryland independent pharmacy.¹¹ Our review revealed that contrary to PBM industry claims regarding mail-order savings, the PBM-owned mail-order

¹ Federal Trade Commission, “Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies,” July 2024, available online at: <https://www.ftc.gov/reports/pharmacy-benefit-managers-report>.

² Reed Abelson and Rebecca Robbins, “The Middlemen, The Powerful Drug Companies Driving Local Drugstores Out of Business,” The New York Times, Oct. 19, 2024, available online at <https://www.nytimes.com/2024/10/19/business/drugstores-closing-pbm-pharmacy.html>; Andy Miller, “PBM Math: Big Chains Are Paid \$23.55 To Fill a Blood Pressure Rx. Small Drugstores? \$1.51,” KFF Health News, Oct. 24, 2024, available online at: <https://kffhealthnews.org/news/article/pbm-pharmacy-benefit-managers-independent-drugstores-versus-big-chain-prices/>.

³ Pharmaceutical Care Management Association, “PCMA Statement on FTC Interim PBM Report,” July 9, 2024, available online at: <https://www.pcmanet.org/press-releases/pcma-statement-on-ftc-interim-pbm-report/07/09/2024/>; see also Pharmaceutical Care Management Association, “PCMA Statement on the Truth About Independent Pharmacies,” Oct. 21, 2024, available online at: <https://www.pcmanet.org/press-releases/pcma-statement-on-the-truth-about-independent-pharmacies/10/21/2024/>.

⁴ The plan reviewed is the Carrier’s “High Option,” plan. The independent pharmacy selected in the plan locator was The Medicine Shoppe located at 12838 New Hampshire Ave., Silver Springs, MD, 20904. APCI has no affiliation or relationship with the Medicine Shoppe. The pharmacy was selected because it was the first independent pharmacy identified in the online pricing tool after entering the zip code. Retail chain pharmacy prices in this zip code were not reviewed in connection with this white paper.

⁵ Carrier plan drug pricing tool, available online at: <https://www.express-scripts.com/frontend/open-enrollment/apwuhealthplan/plans/5cac6e4804770e006050c5c1>. Medication prices for medications referenced in this white paper were accessed in October of 2024.

⁶ APWU Health Plan, “Prescription Benefits Highlights – Retail,” available online at: https://www.express-scripts.com/art/open_enrollment/APWU_RetBenefitHighlights.pdf. See also APWU Health Plan, “Prescription Benefits Highlights – Home Delivery,” available online at: https://www.express-scripts.com/art/open_enrollment/APWU_HDBenefitHighlights.pdf. The pricing tool includes a “coverage guide,” and for the medications reviewed in Appendix A, the coverage guide for the independent pharmacy indicates that beneficiaries “can get 2 fill(s) of this medicine in a 1-month supply at this pharmacy.”

⁷ APWU Health Plan, “Prescription Benefits Highlights – Specialty,” available online at: https://www.express-scripts.com/art/open_enrollment/APWU_SpecialtyBenefitHighlights.pdf. For the “specialty,” medications reviewed, the pricing tool directs beneficiaries to “contact the Express Scripts patient care team for specialty pharmacy at 800.803.2523. This is the number for the PBM-owned specialty pharmacy.”

⁸ U.S. Office of Personnel Management Office of the Inspector General Office of Audits, “Audit of the American Postal Workers Union Health Plan’s Pharmacy Operations as Administered by Express Scripts, Inc. for Contract Years 2016-2021,” March 29, 2024, available online at: <https://oig.opm.gov/reports/audit/audit-american-postal-workers-union-health-plans-pharmacy-operations-administered-0>.

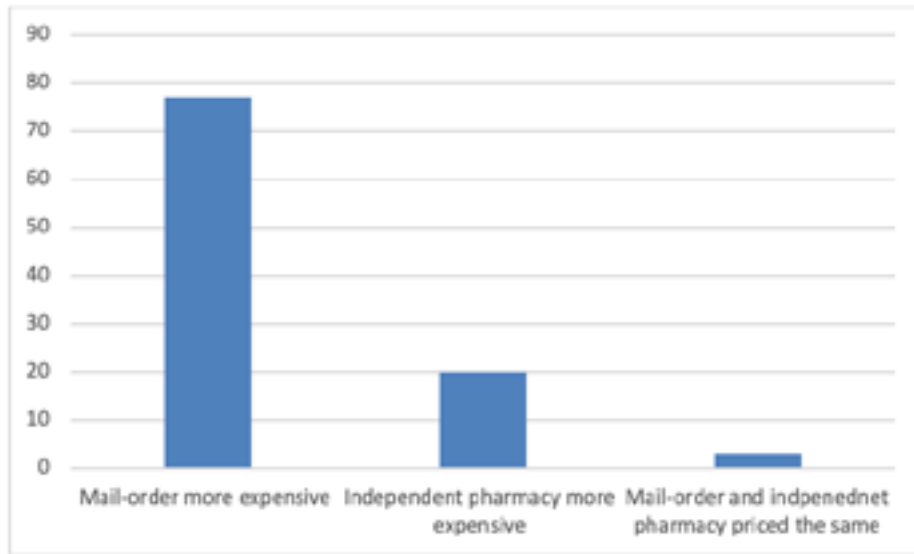
⁹ https://www.pcmanet.org/wp-content/uploads/2023/11/Mail-Order-and-Specialty-Savings_FINAL-1.pdf.

¹⁰ ClinCalc, “About the DrugStats Database,” available online at: <https://clincalc.com/DrugStats/About.aspx>.

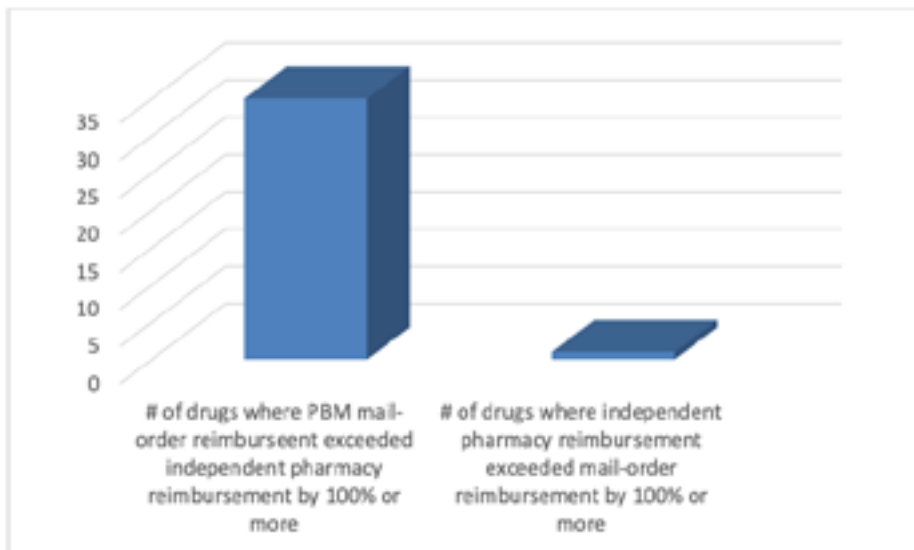
¹¹ ClinCalc, “The Top 200 Drugs of 2022,” available online at: <https://clincalc.com/DrugStats/Top200Drugs.aspx>. The ClinCalc list is based upon Medical Expenditure Panel Survey for 2022 released in August of 2024. Non-oral solids were omitted from the list in Appendix A. Hereinafter, reference to the 100 most prescribed medications shall refer to the most prescribed oral solid medications. While this paper focuses on one Maryland independent pharmacy, similar comparisons were made between the PBM-owned mail-order pharmacy and independent pharmacies in New York, Kentucky, and Louisiana and the patterns, while not identical were strikingly similar.

pharmacy is more expensive than the independent pharmacy on the majority of commonly prescribed medications reviewed.¹² Additionally, examples of several specialty medications being marked-up significantly over the national average drug acquisition cost (“NADAC”) were identified.

• **PBM owned mail-order pharmacy was more expensive on 79 of the 100 most frequently prescribed prescription medications.** A pricing review of the 100 most frequently prescribed medications between a Maryland independent pharmacy and the PBM-owned mail-order pharmacy revealed that the PBM-owned mail-order pharmacy was more expensive on 79 of the 100 medications, the same on 2 of the medications, and less expensive than the independent pharmacy on 19 of the medications.



• **PBM-owned mail-order pharmacy paid itself 100% or greater than the independent pharmacy on 34 of the 100 medications.** The PBM-owned mail-order pharmacy reimbursement exceeded the independent pharmacy reimbursement by 100% or more for 34 medications and by 200% for 17 medications. By comparison, the independent pharmacy reimbursement exceeded the PBM-owned mail-order pharmacy reimbursement by 100% or more for just one medication and there were no observed instances where the independent pharmacy reimbursement exceeded mail-order pharmacy reimbursement by more than 200%.



¹² See Addendum 1. Except where otherwise noted and for the “specialty” prices, the findings in this whitepaper reference the date set forth in Addendum 1. Drug prices for Addendum 1 and for the specialty drugs were identified using the Carrier plan drug pricing tool, available online at: <https://www.express-scripts.com/frontend/open-enrollment/apwuhealthplan/plans/5cac6e4804770e006050c5c1>.

• **The PBM paid its mail-order pharmacy more than the independent pharmacy more frequently on higher volume prescription medications.** The PBM paid its mail-order pharmacy more than the independent pharmacy 86% of the time for the top 50 most prescribed medications. However, as the prescribing volume decreases, the dynamic shifts in a statistical notable way with the PBM paying its mail-order pharmacy more than the independent pharmacy 70% of the time for the 51-100 most prescribed medications. Drilling down further, the PBM mail-order pharmacy paid itself more than the independent pharmacy 45% of the time for the bottom 20 of the 100 most prescribed medications, or 9 out of 20.

• **The PBM-owned mail-order pharmacy is paid 89% more than the independent pharmacy across 20 of the top 21 most prescribed medications.** Across the 100 medications, on a per unit basis, the PBM mail-order pharmacy is 12% more expensive than the independent pharmacy. However, across 20 of the top 21 most prescribed medications it is paid 89% more.¹³ Over 90 days, on a one pill per day basis for these medications, the PBM mail-order pharmacy is paid \$327.60 while the independent pharmacy is paid \$173.70.

• **Higher PBM-owned mail-order pharmacy pricing can add up to millions of dollars in increased costs.** As reflected in Addendum 1, the per unit difference between the PBM-owned mail-order pharmacy and the independent pharmacy across the 100 medications is over \$8.00 representing a 12% difference in favor of the PBM-owned mail-order pharmacy. However, these differences can add up to millions of dollars in the aggregate, particularly when, as here, patients are forced into the more expensive channel after two 30-day fills.

For purposes of illustration, presuming the Carrier’s medication utilization tracks with national dispensing data, the per unit cost differentials between the PBM-owned mail-order pharmacy and the independent pharmacy for atorvastatin, metformin, and amlodipine alone would represent an additional \$1.3 million dollars annually¹⁴.

| Medication | Est. Annual Cost PBM Owned Mail-order | Est. Annual Cost Independent Pharmacy | Additional Expense of PBM Owned Mail-order |
|--------------|---------------------------------------|---------------------------------------|--|
| Atorvastatin | \$1,051,650 | \$664,200 | \$387,450 |
| Metformin | \$705,052 | \$234,684 | \$469,368 |
| Amlodipine | \$627,300 | \$110,700 | \$516,600 |
| TOTAL | \$2,384,002 | \$1,009,584 | \$1,373,418 |

• **“Specialty” medication markups for 10 medications ranging from 200% to over 2800%.** The medications identified below, used to treat serious conditions and designated as “specialty,” have significant markups over NADAC. Importantly, according to the public facing pricing tool, these medications are unable to be filled by patients at the independent pharmacy, and patients are directed to the PBM-owned Specialty Pharmacy.

¹³ The PBM-owned mail-order pharmacy was paid less than the independent pharmacy for only one medication in the top 21 most prescribed medications.

¹⁴ Omri Wallach, “Ranked: The Most Prescribed Drugs in the U.S.,” The Visual Capitalist, November 2021, available online at: https://www.visualcapitalist.com/ranked-the-most-prescribed-drugs-in-the-u-s/#google_vignette. For purposes of this example, the total number of patients for atorvastatin, metformin, and amlodipine as a percent of the population, 5.7%, 5.3%, and 5% respectively, were applied to the Carrier beneficiary population, 205,000 lives (<https://www.apwuhp.com/about-us/>) for the three respective medications.

| Medication Name | Disease State | PBM Specialty Pharmacy | NADAC ¹⁵ | % Over NADAC |
|---|-------------------------|------------------------|---------------------|--------------|
| Teriflunomide 14 mg [30 tablets] | Multiple Sclerosis | \$736.39 | \$22.50 | 3173% |
| Dimethyl Fumarate 240 mg DR [60 capsules] | Multiple Sclerosis | \$1,524.20 | \$38.40 | 3869% |
| Capecitabine 150 mg [28 tab] | Various Cancers | \$294.00 | \$12.60 | 2233% |
| Imatinib Mesylate 100 mg [30 tab] | Leukemia | \$1,347.88 | \$62.10 | 2070% |
| Abiraterone Acetate 250 mg [30 tab] | Prostate Cancer | \$458.59 | \$24.00 | 1810% |
| Everolimus 5 mg [30 tab] | Various Cancers | \$9,403.60 | \$611.10 | 1439% |
| Temozolomide 100 mg [30 cap] | Brain cancer | \$1,899.71 | \$282.00 | 574% |
| Tolvaptan 15 mg [30 tab] | Hyponatremia | \$15,406.56 | \$2,618.10 | 488% |
| Droxidopa 300 mg [30 cap] | Orthostatic Hypotension | \$473.82 | \$84 | 464% |
| Fingolimod 0.5 mg [30 cap] | Multiple Sclerosis | \$903.07 | \$292.50 | 209% |
| TOTAL | | \$34,921.67 | \$5,565.90 | 527% |

• **Conclusion.** The American Postal Workers Union Health Plan, utilizes what we understand to be preferred or narrow networks requiring beneficiaries to utilize the PBM-owned mail-order pharmacy for most medications (after two 30-day fills at an in-network retail pharmacy) and for “specialty,” medications. Within this plan design, the data reviewed reveals that the PBM is paying its own mail-order pharmacy more than independent pharmacies on 79 of the 100 most commonly prescribed medications while also paying its specialty pharmacies at large multiples over NADAC for several medications used to treat serious conditions. These findings run contrary to PBM industry claims regarding so called “savings,” to be gained through the use of PBM-owned mail-order, specialty, and retail pharmacies as well as the use of preferred and narrow networks and rather, underscore concerns regarding conflicts of interest resulting in higher medication prices and reduced patient choice and access to care.

For payers of all kinds, both in the government and private sectors, these findings should be a catalyst for scrutiny of PBM behavior in benefits administration, with particular attention being paid to favorable payments to PBM-owned or affiliated mail-order, specialty, and retail pharmacies, as well as plan designs that steer patients into PBM-owned or affiliated pharmacies using narrow or preferred networks.

For lawmakers and policy makers, these findings should compel not only further scrutiny of PBM behavior in federal healthcare plans, but also action to rein in PBM practices that (1) lead to drug pricing variability and significant mark-ups over NADAC; (2) leverage vertical integration to move patients into PBM-owned or affiliated pharmacies using narrow or preferred networks; and (3) treat non-affiliated retail pharmacies, including independent pharmacies, less favorably than they treat their PBM-owned or affiliated pharmacies.

¹⁵ National Average Drug Acquisition Cost pricing obtained in Oct. 2024.

APPENDIX A: The 100 Most Prescribed Oral Solid Medications in the U.S.

| Medication | PBM Mail-order Per Unit Price | The Medicine Shoppe Per Unit Price | PBM Mail-order v. Independent Pharmacy % Difference |
|-------------------------------------|-------------------------------|------------------------------------|---|
| Atorvastatin 20 mg [tab] | 0.19 | 0.12 | 58% |
| Metformin HCL ER 500 mg [tab] | 0.18 | 0.06 | 200% |
| Lisinopril 20 mg [tab] | 0.17 | 0.05 | 240% |
| Levothyroxine 100 mcg [tab] | 0.19 | 0.16 | 19% |
| Amlodipine Besylate 10 mg [tab] | 0.17 | 0.03 | 466% |
| Metoprolol Tartrate 100 mg [tab] | 0.17 | 0.07 | 142% |
| Losartan Potassium 100 mg [tab] | 0.19 | 0.12 | 58% |
| Omeprazole DR 40 mg [caps] | 0.18 | 0.07 | 157% |
| Gabapentin 400 mg [Cap] | 0.19 | 0.08 | 138% |
| Sertraline HCl 50 mg [tab] | 0.18 | 0.06 | 200% |
| HCTZ 25 mg [tab] | 0.17 | 0.02 | 750% |
| Rosuvastatin Calcium 20 mg [tab] | 0.19 | 0.12 | 58% |
| Dextroamp-Amphet ER 20 mg [cap] | 0.72 | 0.92 | 28% |
| Escitalopram 20 mg [tab] | 0.19 | 0.14 | 36% |
| Pantoprazole Sod DR 40 mg [tab] | 0.18 | 0.12 | 50% |
| Montelukast Sod 4 mg [tab chew] | 0.19 | 0.19 | 0% |
| Trazodone 50 mg [tab] | 0.17 | 0.07 | 143% |
| Simvastatin 20 mg [tab] | 0.17 | 0.04 | 325% |
| Tamsulosin HCl 0.4 mg [cap] | 0.19 | 0.16 | 19% |
| Bupropion HCl SR 150 mg [tab] | 0.20 | 0.19 | 5% |
| Fluoxetine HCl 20 mg [cap] | 0.18 | 0.06 | 200% |
| Hydrocodone-Acetamin 5-325 mg [tab] | 0.22 | 0.17 | 29% |
| Furosemide 20 mg [tab] | 0.17 | 0.06 | 183% |
| Amoxicillin 500 mg [cap] | 0.20 | 0.14 | 42% |
| Eliquis 5 mg [tab] | 9.40 | 9.07 | 4% |
| Meloxicam 7.5 mg [tab] | 0.17 | 0.04 | 325% |
| Prednisone 10 mg tab | 0.18 | 0.12 | 50% |
| Duloxetine HCL DR 20 mg [cap] | 0.19 | 0.33 | 73% |
| Methylphenidate 20 mg [tab] | 0.25 | 0.33 | 36% |
| Ibuprofen 800 mg [tab] | 0.19 | 0.11 | 72% |
| Carvedilol 25 mg [tab] | 0.18 | 0.05 | 260% |
| Potassium Chloride 20 mEq [tab] | 0.28 | 0.28 | 0% |
| Pravastatin Sodium 20 mg [tab] | 0.19 | 0.11 | 73% |
| Allopurinol 300 mg [tab] | 0.18 | 0.14 | 28% |
| Citalopram HBr 20 mg [tab] | 0.17 | 0.06 | 183% |
| Alprazolam 0.5 mg [tab] | 0.17 | 0.05 | 240% |
| Glipizide 5 mg [tab] | 0.18 | 0.08 | 125% |

| Medication | PBM Mail-order Per Unit Price | The Medicine Shoppe Per Unit Price | PBM Mail-order v. Independent Pharmacy % Difference |
|----------------------------------|-------------------------------|------------------------------------|---|
| Venlafaxine HCl ER 150 mg [cap] | 0.21 | 0.28 | 33% |
| Cyclobenzaprine 10 mg [tab] | 0.17 | 0.03 | 467% |
| Hydroxyzine HCl 25mg [tab] | 0.17 | 0.12 | 41% |
| Clopidogrel 75 mg [tab] | 0.19 | 0.11 | 73% |
| Famotidine 40 mg [tab] | 0.18 | 0.16 | 13% |
| Estradiol 1 mg [tab] | 0.19 | 0.15 | 27% |
| Diclofenac Sodium 75 mg [tab] | 0.20 | 0.16 | 25% |
| Spirolactone 25 mg [tab] | 0.18 | 0.09 | 100% |
| Bupirone HCl 10 mg [tab] | 0.17 | 0.07 | 143% |
| Tramadol HCl 50 mg [tab] | 0.17 | 0.05 | 240% |
| Jardiance 25 mg [tab] | 17.50 | 17.00 | 3% |
| Clonazepam 0.5 mg [tab] | 0.17 | 0.05 | 240% |
| Lamotrigine 100 mg [tab] | 0.18 | 0.09 | 100% |
| Oxycodone HCl (IR) 5 mg [tab] | 0.21 | 0.14 | 50% |
| Ondansetron HCl 4 mg [tab] | 0.17 | 0.10 | 70% |
| Atenolol 50 mg [tab] | 0.17 | 0.05 | 240% |
| Glimepiride 4 mg [tab] | 0.18 | 0.17 | 6% |
| Folic Acid 1 mg [tab] | 0.17 | 0.03 | 466% |
| Zolpidem Tartrate 10 mg [tab] | 0.17 | 0.05 | 240% |
| Doxycycline 100 mg [cap] | 0.20 | 0.33 | 65% |
| Lisdexamfetamine 40 mg [cap] | 11.07 | 8.42 | 31% |
| Clonidine HCl 0.2 mg [tab] | 0.18 | 0.07 | 157% |
| Finasteride 5 mg [tab] | 0.19 | 0.16 | 18% |
| Losartan-HCTZ 100 mg-25 mg [tab] | 0.20 | 0.13 | 53% |
| Propranolol HCl 20 mg [tab] | 0.20 | 0.10 | 100% |
| Azithromycin 250 mg [tab] | 0.90 | 0.39 | 130% |
| Ezetimibe 10 mg [tab] | 0.19 | 0.26 | 37% |
| Lorazepam 0.5 mg [tab] | 0.18 | 0.06 | 200% |
| Quetiapine Fumerate 100 mg [tab] | 0.18 | 0.20 | 11% |
| Topiramate 50 mg [tab] | 0.17 | 0.07 | 142% |
| Warfarin Sodium 5 mg [tab] | 0.19 | 0.18 | 5% |
| Amitriptyline 10 mg [tab] | 0.17 | 0.11 | 54% |
| Fenofibrate 160 mg [tab] | 0.19 | 0.33 | 73% |
| Naproxen 250 mg [tab] | 0.18 | 0.13 | 38% |
| Xarelto 15 mg [tab] | 17.88 | 17.38 | 3% |
| Pregabalin 50 mg [cap] | 0.18 | 0.11 | 64% |
| Paroxetine HCl 20 mg [tab] | 0.18 | 0.10 | 80% |

| Medication | PBM Mail-order Per Unit Price | The Medicine Shoppe Per Unit Price | PBM Mail-order v. Independent Pharmacy % Difference |
|--|-------------------------------|------------------------------------|---|
| Celecoxib 100 mg [cap] | 0.18 | 0.17 | 6% |
| Tizanidine 4 mg [tab] | 0.17 | 0.10 | 70% |
| Amox-Clav 875-125 mg [tab] | 0.29 | 0.46 | 58% |
| Olmesartan Medoxomil 5mg [tab] | 0.18 | 0.15 | 20% |
| Oxy-APAP 5mg-325 mg [tab] | 0.23 | 0.15 | 53% |
| Diltiazem HCl 120 mg [tab] | 0.29 | 0.57 | 96% |
| Cephalexin 500 mg [cap] | 0.21 | 0.17 | 23% |
| Alendronate Sodium 35 mg [tab][4 pack] | 1.32 | 0.60 | 120% |
| Baclofen 20 mg [tab] | 0.18 | 0.14 | 28% |
| Mirtazipine 30 mg [tab] | 0.19 | 0.18 | 6% |
| Aripiprazole 15 mg [tab] | 0.19 | 0.27 | 42% |
| Chlorthalidone 25 mg [tab] | 0.18 | 0.27 | 50% |
| Dexmethylphenidate HCl 5 mg [tab] | 0.36 | 0.50 | 39% |
| Oxybutynin Chloride 5 mg [tab] | 0.18 | 0.11 | 64% |
| Lovastatin 20 mg [tab] | 0.17 | 0.08 | 112% |
| Hydroxychloroquine 200 mg [tab] | 0.23 | 0.44 | 91% |
| Valacyclovir HCl 500 mg [tab] | 0.29 | 0.43 | 48% |
| Triamterene/HCTZ 37.5-25 mg [cap] | 0.19 | 0.15 | 27% |
| Valsartan 160 mg [tab] | 0.21 | 0.36 | 71% |
| Isosorbide Dinitrate 20 mg [tab] | 0.21 | 0.42 | 100% |
| Pioglitazone HCl 15 mg [tab] | 0.18 | 0.11 | 63% |
| Hydralazine HCl 50 mg [tab] | 0.18 | 0.11 | 63% |
| Esomeprazole Magnesium 40 mg [cap] | 0.20 | 0.36 | 80% |
| Levetiracetam 500 mg [tab] | 0.20 | 0.17 | 18% |
| Progesterone 200 mg [tab] | 0.36 | 0.37 | 3% |
| Methocarbamol 750 mg [tab] | 0.18 | 0.07 | 157% |

* Percentages highlighted in blue represent higher payments to independent pharmacies.