APCI Insights

THE NADAC MODEL:

A BLUEPRINT FOR FISCALLY RESPONSIBLE DRUG PRICING - HOW INDEX-BASED REIMBURSEMENT RESTORES MARKET RATIONALITY AND SUSTAINABILITY IN PUBLIC HEALTH PLANS

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Introduction

Prescription drug pricing in the United States is notoriously opaque and complex, but this complexity is often manufactured rather than inherent. A primary driver of this volatility is the reimbursement architecture of Pharmacy Benefit Managers (PBMs). PBMs frequently exploit disparate price points for different stakeholders, even when the market-based benchmark—the National Average Drug Acquisition Cost (NADAC)—remains stable.

An analysis by 3 Axis Advisors of over 32 million 2020 pharmacy claims across market channels reveals the staggering scale of this variability.[1] For example, meloxicam 15 mg was reimbursed at 117 different average price points over a 12-month period, despite no change in its underlying NADAC price.[2] While the NADAC price sat at $0.79, some PBM reimbursements exceeded $200.[3] In an even more extreme instance of irrationality, a PBM reimbursed the same pharmacy on the same day at five different price points for duloxetine 30 mg, with prices ranging from $9.30 to $96.00—a ten-fold difference for the exact same product.[4]

Beyond simple pricing variability, PBMs leverage vertical integration to create profound reimbursement disparities that destabilize the pharmacy marketplace. According to the Federal Trade Commission ("FTC"), the "Big 3" PBMs were found to reimburse their own affiliated pharmacies at higher rates than unaffiliated pharmacies for nearly every "specialty" generic drug examined.[5] This vertical integration allowed these PBMs to generate more than $7.3 billion in excess revenue between 2017 and 2022 by dispensing drugs at prices far exceeding estimated acquisition costs.[6] This dual strategy—systemically under-reimbursing non-affiliated providers while over paying PBM-owned entities—manufactures a competitive advantage that directly threatens the survival of community pharmacies and materially compromises the safety net that community pharmacies provide to Americans in both rural and urban medically underserved areas.

These distortions are acutely prevalent within federal healthcare programs, including Medicare Part D and the Federal Employee Health Benefits Program (FEHBP). As further elaborated below, these federal channels exhibit the same radical markups and irrational price variability found in the private sector. This Paper reveals these disparate practices within Medicare Part D and FEHBP, before focusing on the PBM reimbursement trends identified in Georgia's State Health Benefit Plan (SHBP).

By leveraging the National Average Drug Acquisition Cost (NADAC), Georgia has demonstrated that a transparent market-based methodology, when incorporated as a floor and a ceiling, eliminates pricing volatility and excessive markups, while providing the increased professional dispensing fees necessary for pharmacy sustainability—all while producing potential programmatic savings.

Federal Drug Pricing: Chaos By Design

Medicare Part D

A Wall Street Journal article found that Medicare "is paying wildly different prices for the same drug, even for people insured under the same plan."[7] Examples included 2,200 different prices in the same quarter for generic versions of Zytiga, used to treat prostate cancer, with prices ranging from $815 to $3,356.[8]

Importantly, generic medications used to treat serious disease states are often included on specialty tiers of PBMs across market channels; thereby enabling PBMs to disproportionately fill these medications at PBM-owned pharmacies and, often, markup these medications at multiples over their NADAC prices.[9]

A review of second quarter 2025 Part D drug prices underscores the issue of generic "specialty" drug markups over NADAC. With the markups over NADAC identified below,[10] it should come as little surprise that specialty pharmacy has been reported to account for as much as "39% of PBM profits."[11]

Q2 2025 Part D Generic "Specialty" Drug Prices

Specialty Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Abiraterone Acetate Oral Tablet 250 MG	120	2,304	$50.21	$9,115.36	$129.06	6,963%
Dimethyl Fumarate Oral Capsule Delayed Release 240 MG	60	1,476	$45.10	$7,334.38	$55.94	13,011%
Droxidopa Oral Capsule 300 MG	90	1,220	$91.35	$7,819.80	$263.14	2,872%
Everolimus Oral Tablet 5 MG	30	1,147	$200.34	$16,115.08	$699.38	2,204%
Fingolimod HCl Oral Capsule 0.5 MG	30	1,618	$50.40	$9,115.06	$258.88	3,421%
Imatinib Mesylate Oral Tablet 100 MG	90	1,845	$30.42	$7,281.32	$60.10	12,015%
Teriflunomide Oral Tablet 14 MG	30	1,143	$16.84	$8,312.15	$23.16	35,790%

While specialty pharmacy may account for an outsized portion of PBM profits, the irrational pricing is not confined to specialty medications alone. As set forth in the table below, a review of fifteen of the most commonly prescribed drugs reveals a bewildering 29,523 different prices in one quarter alone.[12] This extreme variability might be defensible if price points were clustered near the NADAC price. However, as illustrated in the chart below, the ranges are nothing short of staggering. In several instances, the difference between the high and low reimbursement for the exact same drug spans thousands of dollars with markups over NADAC ranging from 633% to 19,630%.

Importantly, the patterns observed below are consistent throughout one hundred of the most commonly prescribed medications as set forth in Addendum 1.

Q2 2025 Part D Generic Drug Prices

Commonly Prescribed Drug	# Unique Drug Prices	Highest Drug Price % Markup Over NADAC
Alendronate Sodium Oral Tablet 35 MG	2,845	5,090%
Allopurinol Oral Tablet 300 MG	1,879	1,064%
Alprazolam Oral Tablet 0.5 MG	1,639	3,057%
Amitriptyline HCl Oral Tablet 10 MG	1,438	1,334%
Amlodipine Besylate Oral Tablet 10 MG	1,594	11,851%
Amoxicillin Oral Capsule 500 MG	1,593	633%
Amoxicillin-Pot Clavulanate Oral Tablet 875-125 MG	2,517	1,351%
Amphetamine-Dextroamphet ER Oral Capsule Extended Release 24 Hour 20 MG	2,360	694%
Aripiprazole Oral Tablet 15 MG	2,684	19,630%
Atenolol Oral Tablet 50 MG	1,543	2,636%
Atorvastatin Calcium Oral Tablet 20 MG	1,929	14,082%
Azithromycin Oral Tablet 250 MG	2,557	1,774%
Baclofen Oral Tablet 20 MG	1,647	7,692%
Bupropion HCl ER (SR) Oral Tablet Extended Release 12 Hour 150 MG	1,832	1,760%
Buspirone HCl Oral Tablet 10 MG	1,466	3,534%

FEHBP

The pricing distortions identified in Medicare are not an anomaly, as evidenced by a 2024 APCI analysis of a large FEHBP plan that revealed similar trends of extreme variability and disparate pricing.[13] In a review of 20 common medications across four pharmacies (one independent and three national chains) in the same geographic area, on the same day, under the same plan:

- Prices were lowest at the independent pharmacy on 19 out of the 20 medications reviewed.
- For a single plan, on a single day, there were 70 different price points for the 20 medications reviewed.
- There was significant variance between the price points with one medication, escitalopram 20 mg, priced 1,041% higher at the chain pharmacy than the independent pharmacy and 1,240% higher than the NADAC benchmark.[14]

The most egregious markups occurred within the generic "specialty" medications, including teriflunomide 14 mg priced at an eye-popping 47,000% above NADAC.[15]

Consequences of Market Distortion

While the fiscal burden on taxpayers and patients is the most obvious result of overpriced medications with markups thousands of percent above NADAC, the systemic damage is far more extensive and insidious. More specifically, higher drug prices are a primary driver of medication nonadherence, leading directly to poorer health outcomes, and increased long-term costs for the healthcare system.[16]

Conversely, many price points for these same drugs fall below the NADAC price. This under-reimbursement in governmental healthcare programs shifts the burden for the cost of medications from health plans to the pharmacies themselves, resulting in pharmacies subsidizing the cost of medications via taking losses and is a catalyst for the alarming number of pharmacy closures.[17] With approximately 2,000 pharmacy locations closing in 2025 alone,[18] nearly 1 in 7 Americans now live in a "pharmacy desert."[19] This collapse of pharmacy infrastructure disproportionately affects rural and low-income communities, creating critical gaps in care.[20]

Georgia Case Study: From Variable and Disparate Pricing to Reform

In early 2024, publicly available data in Georgia's State Health Benefit Plan (SHBP) revealed drug pricing disparities and variability in line with the trends previously described.[21] These findings became a focal point in the Georgia Capitol, specifically through the lens of Bell's Family Pharmacy in Tate, Georgia.[22]

Before its closure in 2024, data suggested drug pricing at Bell's was significantly less for common generics than at three nearby chain pharmacies—one of which was owned by the very PBM administering the state's benefits.[23] The most egregious example involved a 30-day supply of atorvastatin: while the cost for the medication at Bell's was a mere $1.90, the average cost at nearby chain pharmacies was $46.87 for the identical medication.[24]

The Legislative Response & Debunking the PBM "Cost Increase" Myth

These systemic inequities led to a multi-year legislative effort, culminating in the 2025 passage of House Bill 196.[25] Signed by Governor Brian Kemp, the law mandates that SHBP and University System drug reimbursements be based on NADAC and a professional dispensing fee of:

- $11.50 for independent pharmacies.
- $10.50 for chain and mail-order pharmacies.[26]

During the legislative process, an employee for the PBM administering the SHBP (CVS Caremark) claimed that moving to a NADAC-based model would increase annual state costs by approximately $17 million, arguing that higher dispensing fees would outpace any savings on ingredient costs.[27]

However, a 2025 state fiscal analysis—which repriced all 2023 state claims—revealed the PBM's estimate to be inaccurate by a nearly $29 million margin.[28] The analysis found that even with the increased dispensing fees, the NADAC model would have saved:

- $10,948,347 for the Georgia SHBP.
- $3,800,000 for the University System of Georgia.[29]

By establishing NADAC as the transparent benchmark, Georgia not only eliminated variability, but it also eliminated arbitrary overpayments for drugs disproportionately filled at PBM-owned pharmacies. The savings generated by bringing these "outlier" claims down to market rates more than offset the increased fees paid to community pharmacies.

Conclusion: A Blueprint for Federal Reform

The "Georgia Model" proves that the pricing chaos found in Medicare Part D, FEHBP, and other plans is a solvable problem. Just as NADAC provided the transparency needed to remove variability and disparity in Georgia, federal legislation—specifically the Pharmacists Fight Back Act[30]—now offers a ready-made solution for the nation's largest federal health plans.

The success of Georgia House Bill 196 demonstrates that the only accurate way to project the fiscal impact of PBM reform is through actual claims repricing. As federal lawmakers consider the Pharmacists Fight Back Act, it is imperative that any official "scoring" of the bill's impact—whether by the CBO or other agencies—be based on a retrospective analysis of real-world claims rather than the theoretical "presumptions" offered by the PBM industry or even proponents for PBM reform.

Final Recommendation

The transition to a NADAC plus professional dispensing fee model at the federal level would:

- End the massive volatility in prices for the same drugs within the same plans and align drug prices with a market-based index.
- Eliminate the disparate pricing practices by PBMs and ensure payments to pharmacies are agnostic of PBM affiliations and insulated from PBM drug pricing manipulation.
- End arbitrary markups that drain taxpayer resources.
- Protect the community pharmacy safety net by ensuring reimbursements are tied to market-based prices, and dispensing fees are paid to cover costs associated with dispensing medications.
- Ensure fiscal responsibility by basing federal spend on actual market costs with the potential for programmatic savings.

Georgia has already proven that transparency is achievable and has the potential to pay for itself by setting a market-based ceiling to offset additional expenses incurred via dispensing fee payments. The federal government must now decide if it will continue to accept the manufactured complexity of the PBM industry, or adopt the proven rationality of the NADAC model.

ADDENDUM 1

Q2 2025 Part D Generic Drug Prices

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Alendronate Sodium Oral Tablet 35 MG	12	2,845	$1.28	$191.52	$3.69	5,090%
Allopurinol Oral Tablet 300 MG	90	1,879	$1.29	$64.61	$5.55	1,064%
Alprazolam Oral Tablet 0.5 MG	30	1,639	$0.21	$19.26	$0.61	3,057%
Amitriptyline HCl Oral Tablet 10 MG	60	1,438	$1.52	$28.25	$1.97	1,334%
Amlodipine Besylate Oral Tablet 10 MG	90	1,594	$1.36	$166.12	$1.39	11,851%
Amoxicillin Oral Capsule 500 MG	21	1,593	$0.36	$12.76	$1.74	633%
Amoxicillin-Pot Clavulanate Oral Tablet 875-125 MG	20	2,517	$2.65	$79.23	$5.46	1,351%
Amphetamine-Dextroamphet ER Oral Capsule Extended Release 24 Hour 20 MG	30	2,360	$10.08	$147.16	$18.53	694%
Aripiprazole Oral Tablet 15 MG	30	2,684	$3.12	$751.70	$3.81	19,630%
Atenolol Oral Tablet 50 MG	90	1,543	$0.46	$56.36	$2.06	2,636%
Atorvastatin Calcium Oral Tablet 20 MG	90	1,929	$1.00	$404.19	$2.85	14,082%
Azithromycin Oral Tablet 250 MG	6	2,557	$0.58	$36.54	$1.95	1,774%
Baclofen Oral Tablet 20 MG	90	1,647	$1.84	$357.67	$4.59	7,692%
Bupropion HCl ER (SR) Oral Tablet Extended Release 12 Hour 150 MG	60	1,832	$1.92	$89.86	$4.83	1,760%

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Buspirone HCl Oral Tablet 10 MG	90	1,466	$1.13	$93.39	$2.57	3,534%
Carvedilol Oral Tablet 25 MG	90	1,318	$0.50	$149.42	$2.54	5,783%
Celecoxib Oral Capsule 100 MG	60	2,100	$1.22	$218.24	$4.10	5,223%
Cephalexin Oral Capsule 500 MG	21	1,926	$0.83	$32.26	$2.26	1,327%
Chlorthalidone Oral Tablet 25 MG	45	2,068	$1.70	$75.04	$3.46	2,069%
Cyclobenzaprine HCl Oral Tablet 10 MG	30	1,614	$0.37	$25.48	$0.49	5,100%
Dexmethylphenidate HCl Oral Tablet 5 MG	30	1,488	$3.59	$27.03	$7.67	252%
Diclofenac Sodium Oral Tablet Delayed Release 75 MG	60	1,855	$1.64	$81.47	$5.01	1,526%
Diltiazem HCl Oral Tablet 120 MG	60	2,367	$2.37	$135.62	$13.70	890%
Doxycycline Hyclate Oral Capsule 100 MG	20	2,462	$1.15	$92.83	$2.13	4,258%
Duloxetine HCl Oral Capsule Delayed Release Particles 20 MG	60	2,255	$4.01	$327.57	$5.77	5,577%
Enalapril Maleate Oral Tablet 10 MG	90	1,897	$1.68	$135.50	$6.86	1,875%
Escitalopram Oxalate Oral Tablet 20 MG	60	1,869	$3.89	$212.31	$3.88	5,372%
Esomeprazole Magnesium Oral Capsule Delayed Release 40 MG	90	2,401	$8.53	$638.31	$11.81	5,305%
Estradiol Oral Tablet 1 MG	60	1,727	$1.60	$38.02	$3.74	917%
Ezetimibe Oral Tablet 10 MG	90	2,188	$3.39	$724.94	$6.77	10,608%
Famotidine Oral Tablet 40 MG	60	1,916	$0.95	$218.93	$3.14	6,872%

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Fenofibrate Oral Tablet 160 MG	90	2,287	$7.21	$201.62	$10.42	1,835%
Finasteride Oral Tablet 5 MG	30	1,803	$1.53	$73.21	$1.92	3,713%
Fluoxetine HCl Oral Capsule 20 MG	60	1,631	$0.46	$121.04	$1.78	6,700%
Furosemide Oral Tablet 40 MG	60	1,098	$0.85	$25.18	$1.72	1,364%
Gabapentin Oral Capsule 400 MG	90	1,466	$2.07	$111.81	$4.00	2,695%
Glimepiride Oral Tablet 4 MG	90	1,563	$1.71	$83.53	$3.23	2,486%
Glipizide Oral Tablet 5 MG	90	1,186	$0.94	$34.95	$2.67	1,209%
Hydralazine HCl Oral Tablet 50 MG	90	1,359	$1.13	$39.43	$3.77	946%
Hydrochlorothiazide Oral Tablet 25 MG	90	753	$0.27	$27.76	$0.97	2,762%
Hydrocodone-Acetaminophen Oral Tablet 5-325 MG	15	1,860	$0.62	$11.61	$1.87	521%
Hydroxychloroquine Sulfate Oral Tablet 200 MG	60	2,328	$1.96	$192.02	$9.28	1,969%
Hydroxyzine HCl Oral Tablet 50 MG	60	1,993	$2.42	$52.89	$3.43	1,442%
Ibuprofen Oral Tablet 800 MG	30	1,368	$0.64	$17.14	$1.67	926%
Isosorbide Dinitrate Oral Tablet 20 MG	90	2,390	$4.86	$84.62	$20.64	310%
Lamotrigine Oral Tablet 100 MG	60	1,943	$0.67	$224.98	$2.54	8,757%
Levetiracetam Oral Tablet 500 MG	90	1,727	$4.58	$246.08	$6.41	3739%
Levothyroxine Sodium Oral Capsule 100 MCG	30	137	$66.80	$129.14	$79.61	62%

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Lisdexamfetamine Dimesylate Oral Capsule 40 MG	30	1,304	$72.00	$368.86	$142.85	158%
Lisinopril Oral Tablet 20 MG	90	1,470	$0.57	$73.26	$2.15	3,307%
Lorazepam Oral Tablet 0.5 MG	30	1,726	$0.50	$15.90	$1.13	1,307%
Losartan Potassium Oral Tablet 100 MG	90	1,758	$1.19	$216.27	$4.35	4,872%
Losartan Potassium-HCTZ Oral Tablet 100-25 MG	90	2,181	$1.71	$238.81	$7.79	2,966%
Lovastatin Oral Tablet 20 MG	90	1,731	$0.76	$167.44	$3.47	4,725%
Meloxicam Oral Tablet 7.5 MG	30	1,577	$0.12	$73.96	$0.47	15,636%
Memantine HCl Oral Tablet 10 MG	60	1,988	$1.28	$286.13	$3.68	7,675%
Methocarbamol Oral Tablet 750 MG	120	1,144	$1.63	$69.95	$3.25	2,052%
Metformin HCl ER Oral Tablet Extended Release 24 Hour 500 MG	42	1,102	$1.24	$22.92	$1.62	1,315%
Methylphenidate HCl Oral Tablet 20 MG	60	2,171	$6.13	$70.97	$12.45	470%
Metoprolol Tartrate Oral Tablet 100 MG	90	1,280	$1.07	$52.93	$2.28	2,221%
Mirtazapine Oral Tablet 30 MG	30	1,938	$1.14	$64.46	$2.41	2,575%
Montelukast Sodium Oral Tablet Chewable 4 MG	30	1,931	$0.51	$137.73	$2.12	6,397%
Naproxen Oral Tablet 250 MG	30	1,533	$0.31	$17.80	$1.29	1,280%
Olmesartan Medoxomil Oral Tablet 5 MG	60	1,808	$0.90	$264.97	$4.17	6,254%

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Omeprazole Oral Capsule Delayed Release 40 MG	90	1,938	$1.44	$518.55	$4.33	11,876%
Ondansetron HCl Oral Tablet 4 MG	15	2,098	$0.35	$283.67	$0.94	30,078%
Oxybutynin Chloride Oral Tablet 5 MG	60	1,737	$1.32	$35.59	$2.84	1,153%
Oxycodone HCl Oral Tablet 5 MG	20	1,627	$0.97	$10.57	$1.76	501%
Oxycodone-Acetaminophen Oral Tablet 5-325 MG	20	1,072	$1.21	$11.07	$2.48	346%
Pantoprazole Sodium Oral Tablet Delayed Release 40 MG	90	1,943	$1.46	$369.77	$3.66	10,003%
Paroxetine HCl Oral Tablet 20 MG	30	1,944	$0.70	$63.74	$2.02	3,055%
Pioglitazone HCl Oral Tablet 15 MG	60	1,852	$1.38	$327.74	$4.21	7,685%
Potassium Chloride ER Oral Tablet Extended Release 20 MEQ	60	2,063	$1.87	$50.06	$9.32	437%
Pravastatin Sodium Oral Tablet 20 MG	90	1,887	$1.39	$230.26	$5.00	4,505%
Prednisone Oral Tablet 10 MG	20	1,498	$0.53	$13.57	$0.93	1,359%
Pregabalin Oral Capsule 50 MG	60	1,971	$0.63	$395.94	$3.06	12,839%
Progesterone Oral Capsule 200 MG	30	2,380	$4.90	$230.52	$10.33	2,132%
Propranolol HCl Oral Tablet 20 MG	60	1,622	$1.33	$28.13	$3.56	690%
Quetiapine Fumarate Oral Tablet 100 MG	45	2,116	$1.74	$239.1	$2.05	11,563%
Ramipril Oral Capsule 10 MG	90	1,756	$2.17	$156.44	$5.26	2,874%
Ropinirole HCl Oral Tablet 2 MG	60	1,795	$1.78	$118.53	$3.30	3,492%

Commonly Prescribed Drug	Quantity	# Unique Drug Prices	Lowest Drug Price	Highest Drug Price	NADAC	Highest Drug Price % Markup Over NADAC
Rosuvastatin Calcium Oral Tablet 20 MG	90	1,832	$1.76	$628.36	$5.09	12,245%
Sertraline HCl Oral Tablet 50 MG	45	1,828	$0.42	$99.75	$1.52	6,463%
Simvastatin Oral Tablet 20 MG	90	1,656	$0.52	$342.79	$2.63	12,934%
Spironolactone Oral Tablet 25 MG	60	1,496	$1.11	$33.40	$2.74	1,119%
Tamsulosin HCl Oral Capsule 0.4 MG	60	2,029	$1.17	$196.85	$2.80	6,930%
Tizanidine HCl Oral Tablet 4 MG	60	1,419	$1.52	$68.26	$2.42	2,721%
Topiramate Oral Tablet 50 MG	60	1,611	$1.92	$240.05	$2.18	10,911%
Tramadol HCl Oral Tablet 50 MG	28	1,533	$0.45	$17.98	$0.71	2,432%
Trazodone HCl Oral Tablet 50 MG	45	1,592	$0.81	$37.44	$1.43	2,518%
Triamterene-HCTZ Oral Capsule 37.5-25 MG	90	1,603	$1.69	$57.46	$9.16	527%
Valacyclovir HCl Oral Tablet 500 MG	30	2,439	$4.45	$170.89	$7.12	2,300%
Valsartan Oral Tablet 160 MG	90	2,359	$2.57	$368.02	$13.54	2,618%
Venlafaxine HCl ER Oral Capsule Extended Release 24 Hour 150 MG	60	2,114	$4.18	$236.51	$7.03	3,264%
Warfarin Sodium Oral Tablet 5 MG	60	1,709	$1.51	$40.12	$5.63	613%
Zolpidem Tartrate Oral Tablet 10 MG	30	1,892	$0.50	$119.38	$0.94	12,600%

ADDENDUM 2

From: [redacted]
Sent: Monday, February 26, 2024 8:39 AM
To: [redacted]@dch.ga.gov>; [redacted]@dch.ga.gov>; [redacted]
[redacted]@CVSHealth.com>
Cc: [redacted]@CVSHealth.com>; [redacted]
[redacted]@CVSHealth.com>
Subject: Impact for NADAC Pricing Plus Dispensing Fee

See attached. $17.1M annual impact. Ingredient Cost actually goes down, based on generics, but the dispensing fee is what causes the overall cost increase.

Per our conversation, I'm working on the other deliverables.

Rick

[redacted]

This message was secured by Zix®.

Public Interest Disclosure

Pharmacy Benefit Manager (PBM) business practices and drug pricing methodologies are matters of significant public interest and concern, currently subject to intense scrutiny by both federal and state legislative, agency, and executive bodies. This white paper is an act of free speech and petitioning intended to inform ongoing policy conversations and legislative initiatives. It is provided for educational and advocacy purposes to encourage public participation in the development of healthcare policy, a right protected under state and federal law.

References

[1] 3 Axis Advisors, "Unraveling the Drug Pricing Blame Game," Sept. 2023, available online at: https://static1.squarespace.com/static/5c326d5596e76f58ee234632/t/650924780b6b9c590edfa2b4/1695097983750/Unravelling_the_Drug_Pricing_Blame_Game_3AA_APCI_0923.pdf.
[2] Id.
[3] Id.
[4] Id.
[5] FTC, "Specialty Generic Drugs: A Growing Profit Center for Vertically Integrated Pharmacy Benefit Managers, Second Interim Staff Report," January 2025, available online at: https://www.ftc.gov/system/files/ftc_gov/pdf/PBM-6b-Second-Interim-Staff-Report.pdf (FTC Second Interim Report").
[6] Id.
[7] Jared S. Hopkins, Josh Ulick, "Medicare Pays Wildly Different Prices for Same Drug, Same Drug, 2,200 Different Prices," WSJ, Nov. 26, 2024, available online at: https://www.wsj.com/health/healthcare/medicare-pays-wildly-different-prices-for-the-same-drug-b20fa58c
[8] Id.
[9] See FTC, "Pharmacy Benefit Managers: The Powerful Middlemen Inflating Drug Costs and Squeezing Main Street Pharmacies, Interim Staff Report, July 2024, available online at: https://www.ftc.gov/system/files/ftc_gov/pdf/pharmacy-benefit-managers-staff-report.pdf?os=fdF&ref=app ("FTC Interim Report"); see also FTC Second Interim Report.
[10] Medicare drug pricing data in this paper, including in Addendum 1, was acquired from CMS Quarterly Prescription Drug Plan Formulary, Pharmacy Network, and Pricing Information for Quarter 2 of 2025, available online at: https://data.cms.gov/provider-summary-by-type-of-service/medicare-part-d-prescribers/quarterly-prescription-drug-plan-formulary-pharmacy-network-and-pricing-information ("CMS Q2 2025 Pricing Files"). These files include formulary and pricing for drugs included in Part D plans, including Medicare Advantage plans offering prescription drug benefits, but exclude employer plans and All-Inclusive Care for the Elderly (PACE) Plans. In reporting drug prices, CMS relies upon plan level average monthly costs for formulary Part D drugs and so references to drug price[s] and unique drug prices refer to average drug price[s] and unique average drug prices respectively. For the purposes of this analysis, unique average drug prices for a drug were determined based on a rounding of two decimal places. National Average Drug Acquisition Cost (NADAC) pricing used for comparison was based on data effective as of December 31, 2024.

CMS defines the reported UNIT_COST contained within the Quarterly Price File as the average unit cost (e.g. per pill) for the specified days supply at in-area retail pharmacies. See FAQs located https://data.cms.gov/provider-summary-by-type-of-service/medicare-part-d-prescribers/quarterly-prescription-drug-plan-formulary-pharmacy-network-and-pricing-information. For this analysis the days supply was based on 30 days price as this provided the most inclusive data set (not all plans provided 60 or 90 day pricing).
[11] Eric Percher, "Trends in Profitability and Compensation of PBMs & PBM Contracting Entities," Nephron Research, Sept. 18, 2023, available online at: https://nephronresearch.com/trends-in-profitability-and-compensation-of-pbms-and-pbm-contracting-entities/.
[12] CMS Q2 2025 Pricing Files; see also, 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 commonly prescribed medications shall refer to the most prescribed oral solid medications.
[13] APCI Insights, "Federal Employee Health Benefits Plan: Drug Pricing Variability, Specialty Drug Markups and Steering Uncovered," September 2024, available online at: https://www.apcinet.com/Portals/0/leg-affairs/insights/apci-insights-002.pdf.
[14] Id.
[15] Id.
[16] Eaddy MT, et al, "How patient cost-sharing trends affect adherence and outcomes: a literature review," Jan. 2012, available online at: https://pubmed.ncbi.nlm.nih.gov/22346336/; George Gourzoulidis et al., "Association between copayment, medication adherence, and outcomes in the management of patients with diabetes and heart disease," April 2017, available online at https://www.sciencedirect.com/science/article/abs/pii/S0168851017300362?via%3Dihub; Xcenda, "Modeling the Population Outcomes of Cost-related Nonadherence: Model Report, September 21, 2020, available online at: https://global-uploads.webflow.com/5e5972d438ab930a0612707f/5fa9bf4419f4da03a7daf190_WHPC-Xcenda_NonAdherence%20Population%20Model_Report_22Oct2020r.pdf.
[17] See FTC Interim Report and FTC Second Interim Report.
[18] Melissa Daniels, "Pharmacy Closures in 2025 reshaped where people buy health products," ModernRetail, Jan. 2, 2026, available online at: https://www.modernretail.co/operations/pharmacy-closures-in-2025-reshaped-where-people-buy-health-products/.
[19] Angie Moreschi and Nathan Aaron, "Alarming number of pharmacies closing nationwide leaving more pharmacy deserts," Spotlight on America, Nov. 6, 2025, available online at: https://katv.com/news/spotlight-on-america/alarming-number-of-pharmacies-closing-nationwide-leaving-more-pharmacy-deserts.
[20] See id.; see also Samantha Anderer, "Nearly 1 in 3 US Pharmacies Have Closed Since 2010, Widening Access Gaps; JAMMA, Jan. 3, 2025, available online at: https://jamanetwork.com/journals/jama/article-abstract/2828862.
[21] APCI, "Georgia Lawmakers Speak Out on Reimbursement Discrepancies," Feb. 21., 2024, available online at: https://www.apcinet.com/APCINews/APCIPressReleases/TabId/794/ArtMID/2608/ArticleID/6481/Georgia-Lawmakers-Speak-Out-on-Reimbursement-Discrepancies.aspx.
[22] Id.

[23] Id.
[24] Id.
[25] H.B. 196, 2025-2026 Reg. Sess. (Ga. 2025), available online at: https://www.legis.ga.gov/legislation/69712.
[26] Id.
[27] See Addendum 2. Email correspondence obtained from the Georgia Department of Community Health via Georgia Open Records Act (GORA) request (O.C.G.A. § 50-18-70 et seq.), submitted by APCI (2025). Email addresses have been redacted to ensure privacy.
[28] Ga. Dep't of Audits & Accts., Fiscal Note on H.B. 196 (LC 57 0229S) (Feb. 21, 2025),.available online at: https://opb.georgia.gov/budget-information/fiscal-notes/2025-2026-regular-session.
[29] Id. Savings identified are derived from the "Claim Repricing Estimate," the Fiscal Note identifies over $16 million in additional "PBM Costs," but noted a "portion of these fees are expected to be included in the SHBP quote for 2026, even in the absence of the bill."
[30] U.S. Congress, Pharmacists Fight Back Act in Medicare and Medicaid, H.R. 6609, 119th Congress, Dec. 11, 2025, available online at: https://www.congress.gov/bill/119th-congress/house-bill/6609; U.S. Congress, Pharmacists Fight Back [in Federal Employee Health Benefit Plans Act], 119th Congress, Dec. 11, 2025, available online at: https://www.congress.gov/bill/119th-congress/house-bill/6610.