



Independent Pharmacies Are Struggling

They are a lifeline in rural and underserved communities.

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Independent drugstores are closing at an alarming rate—about one a day in 2023—squeezed by the huge companies that reimburse pharmacies for costly medications.

But with each closure, a community loses more than another place where they can buy medicine. Experts say independent drugstores are more likely to know their patrons, offer health and medication counseling and, crucially, serve communities in need.

A 2023 study funded by the National Institutes of Health found that the estimated 15.1 million Americans who rely on independently owned pharmacies are more likely to have lower incomes, live in rural areas and be at least 65 years old. Their health is more complicated, and they're more likely to need one-on-one counseling to juggle multiple medications.

As a result, those communities—already vulnerable to lack of care—are hardest hit when independent pharmacies shutter. Lower drug reimbursements compared with those offered to chain pharmacies, such as CVS and Walgreens, are a big factor.

“They’re going to close. If they’re relying on insurance, it’s not sustainable,” says Dima Mazen Qato, a University of Southern California clinical pharmacy and spatial sciences professor who studies pharmacy access.

In recent studies, Qato and her team found independent pharmacies were more likely to close compared with chain pharmacies—and they were more likely to shutter in Black and Latino communities already facing disproportionate barriers to care.

“We have no negotiation power,” says Ben Ross, president and board chair of the Georgia

Pharmacy Association, which represents pharmacists across the state.

“We definitely have a reimbursement issue, where pharmacies are struggling not because of volume, not because they don’t have the patients, but because of the reimbursements that were being paid by the PBMs,” he adds.

Pharmacy benefit managers, or PBMs, are companies serving as pharmaceutical middlemen. They manage insurance companies’ prescription drug benefits, processing between 80% and 90% of prescriptions dispensed nationwide. They decide how much to reimburse a pharmacy for each prescription. Big chains, such as CVS and Walgreens, routinely get better reimbursements than independent drugstores.

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