Report on Prescription Drug Middlemen

Pharmacy benefit managers charge significant markups.

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The Federal Trade Commission (FTC) published a second interim staff report in January on the prescription drug middleman industry, which focuses on pharmacy benefit managers' (PBMs) influence over specialty generic drugs, including significant price markups by PBMs for cancer, HIV and a variety of other critical drugs.

The FTC staff's latest report found that the Big 3 PBMs—Caremark Rx, LLC (CVS), Express Scripts, Inc. (ESI), and OptumRx, Inc. (OptumRx)—marked up numerous specialty generic drugs dispensed at their affiliated pharmacies by thousands of percent, and many others by hundreds of percent.

Such significant markups allowed the Big 3 PBMs and their affiliated specialty pharmacies to generate more than $7.3 billion in revenue from dispensing drugs in excess of the drugs' estimated acquisition costs from 2017 to 2022. The Big 3 PBMs netted such significant revenues all while patient, employer and other health care plan sponsor payments for drugs steadily increased annually, according to the staff report.

"The FTC staff's second interim report finds that the three major pharmacy benefit managers hiked costs for a wide range of lifesaving drugs, including medications to treat heart disease and cancer," says FTC Chair Lina M. Khan. "The FTC should keep using its tools to investigate practices that may inflate drug costs, squeeze independent pharmacies and deprive Americans of affordable, accessible health care—and should act swiftly to stop any illegal conduct."

"FTC staff have found that the Big 3 PBMs are charging enormous markups on dozens of lifesaving drugs," says Hannah Garden-Monheit, director of the FTC's Office of Policy Planning. "We also found that this problem is growing at an alarming rate, which means there is an urgent need for policymakers to address it."

The latest report builds on a report issued by FTC staff in July 2024, which found that pharmacies affiliated with the Big 3 PBMs received 68% of the dispensing revenue generated by specialty drugs in 2023, up from 54% in 2016.