



HOUSE JUDICIARY COMMITTEE

Chairman Jim Jordan

WHEN CVS WRITES THE RULES: HOW CVS PROTECTS ITSELF FROM INNOVATION AND COMPETITION

Interim Staff Report

Committee on the Judiciary
Chairman Jim Jordan

Subcommittee on the Administrative State, Regulatory Reform, and Antitrust
Chairman Scott Fitzgerald

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EXECUTIVE SUMMARY

In September 2024, the Committee on the Judiciary began an investigation to examine whether pharmacy benefit managers (PBMs) use market power to suppress nascent competition and to assess if proposed legislation is necessary to address certain conduct by PBMs.¹ Specifically, the Committee examined whether PBMs could stifle competition from innovative companies before those companies disrupted the PBM business model.² The Committee has learned that CVS Health might be foreclosing competitor access to pharmacies by threatening independent pharmacies that worked with potential competitors to CVS Health.³

CVS Health is a healthcare company that operates multiple lines of business, including CVS Pharmacy (a chain of retail pharmacies), CVS Caremark (a pharmacy benefit manager), and Aetna (a health insurance company). Generally, consumers or their employers contract with an insurance company to receive health insurance. An insurance company uses a PBM to create the prescription drug benefit portion of health insurance.⁴ Consumers use pharmacies to receive prescription drugs, and pharmacies receive payment for dispersing drugs to consumers and, when the consumer uses his or her health insurance benefits, the consumer's PBM.⁵ At times, like in the example of CVS Health, the insurance company (Aetna), the PBM (CVS Caremark), and the pharmacy (CVS Pharmacy) can all be owned and operated by the same company.⁶

Internal CVS Health documents produced to the Committee show that CVS Health acted to stifle innovation and reduce competition from hub pharmacies, which are companies that provide various digital pharmacy services to support consumer choice and price transparency. These documents show that CVS Health developed plans to establish its own suite of digital pharmacy services and then, instead of competing with hubs on the merits of their services, prevented independent pharmacies from using pharmacy services from hubs.⁷ To achieve this, CVS Health monitored the business relationships of independent pharmacies and hubs,⁸ modified its provider manual to create uncertainty for independent pharmacies working with hubs,⁹ used the modified provider manual as a pretext to audit independent pharmacies,¹⁰ and sent cease-and-desist letters to those independent pharmacies found to be working with hubs.¹¹

¹ *The Role of Pharmacy Benefit Managers, Hearing Before the Subcomm. on the Administrative State, Regulatory Reform, and Antitrust, of the H. Comm. on the Judic.*, 118th Cong. (2024).

² *Id.*

³ *Id.*

⁴ Adam J. Fein, *The Top Pharmacy Benefit Managers of 2024: Market Share and Key Industry Developments*, DRUG CHANNELS (Mar. 31, 2025).

⁵ *Id.*

⁶ *Id.*

⁷ See CVS Internal Documents Highlight Hub Pharmacies as a Competitive Threat, *infra* notes 108-124 and accompanying text.

⁸ See CVS Monitored Independent Pharmacies for Hub Activity, *infra* notes 126-132 and accompanying text.

⁹ See CVS Rewrote its Rulebook to Prevent Independent Pharmacies from Working with Hubs, *infra* notes 133-150 and accompanying text. A provider manual lists the rules that an independent pharmacy must follow to be a part of CVS's pharmacy network.

¹⁰ See CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *infra* notes 151-215 and accompanying text.

¹¹ *Id.*

Internal documents suggest that the monitoring, audits, and cease-and-desist letters were attempts to eliminate competition from an innovative business model meant to disrupt PBM-owned retail pharmacy networks, which may constitute a violation of the antitrust laws.¹² For years, CVS Health justified its conduct by claiming to be responding to fraud claims from plan sponsors (e.g., a patient’s employer).¹³ However, despite CVS Health’s claim that hubs engaged in fraudulent behavior and its years-long investigations into independent pharmacies that worked with hubs, CVS Health has not produced any evidence to support the allegations of fraud. In May 2025, CVS Health appeared to drop the fraud accusations and granted permission to some pharmacies to begin working with at least one hub.¹⁴ By quietly allowing certain pharmacies to work with hub pharmacies, CVS Health essentially conceded that hub pharmacies and the independent pharmacies should be free to vigorously compete against CVS Pharmacy and CVS Caremark.

The disruption of hub pharmacy technology not only helped CVS Health but also harmed consumers. Consumers of pharmaceutical services benefit through hub software because the technology increases price transparency for pharmaceuticals, ease of access to prescriptions, and pharmacy choice.¹⁵ Internal CVS Health documents show that the company developed a plan to build a service that would compete with hubs, but instead of competing on the merits sought to use pretextual fraud allegations to change business practices in a way that offered no procompetitive justification. CVS Health’s conduct prevented hubs from working with independent pharmacies, which threatened to put hubs out of business.

The Sherman Act prohibits maintenance of monopoly power “as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident.”¹⁶ To unlawfully maintain a monopoly, a company must “engage[] in anti-competitive conduct that reasonably appears to be a significant contribution to maintaining monopoly power.”¹⁷ Relevant precedent explains that monopoly power may be shown through evidence that a defendant can foreclose a competitor from a substantial percentage of the opportunities to compete.¹⁸ Here, CVS Health has the power to foreclose competitors from the opportunity to work with pharmacies because CVS Caremark’s PBM network includes “all major chains and most independent pharmacies.”¹⁹ CVS Health’s conduct is distinguished from competition on the merits because its behavior makes it more difficult for pharmacies to choose to work with hubs, deprives consumers of the benefits of these innovations, and creates barriers to entry for potential CVS Health competitors.²⁰ Under antitrust law, CVS Health can defend its anticompetitive

¹² See *United States v. Dentsply International, Inc.*, 399 F.3d 181 (3d Cir. 2005); *United States v. Microsoft Corp.*, 253 F.3d 34 (D.C. Cir. 2001); *United States v. Visa U.S.A., Inc.*, 244 F.3d 299 (2d Cir. 2003).

¹³ See CVS’s Pretextual Justification for Harming Competition, *infra* notes 217-235 and accompanying text.

¹⁴ CVS BACKTRACKS TO WORK WITH ONE HUB, *infra* notes 236-246 and accompanying text.

¹⁵ See *Pharmacy as a Service*, *infra* notes 75-85 and accompanying text.

¹⁶ *United States v. Grinnell Corp.*, 384 U.S. 563, 571 (1966).

¹⁷ *Dentsply*, 399 F.3d at 187.

¹⁸ *Id.* at 188-89.

¹⁹ *Participating National Retail Pharmacy Network*, CVS CAREMARK,

<https://www.hcpss.org/f/employees/benefits/cvs-caremark-pharmacy-list.pdf> (last accessed Nov. 26, 2025).

²⁰ *Dentsply*, 399 F.3d at 193-96.

conduct by establishing a business justification.²¹ CVS Health’s justifications, however, are pretextual and likely would be rejected by a court.²²

Pursuant to the Rules of the House of Representatives, the Committee on the Judiciary has jurisdiction to develop legislation for the “protection of trade and commerce against unlawful restraints and monopolies.”²³ The rise of hub pharmacy technology presents new questions about the sufficiency of existing laws. Although current antitrust law may address CVS Health’s conduct with respect to hubs and innovative technologies, Congress may consider legislative reforms to better address this emerging anticompetitive conduct in the pharmaceutical industry. The Committee will continue to conduct its oversight to inform these potential legislative reforms.

²¹ *Id.* at 196-97.

²² See CVS’s Pretextual Justification for Harming Competition, *supra* note 10. *See also id.*

²³ Rules of the House of Representatives R. X(l), 119th Cong. (2025).

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I. BACKGROUND

PBMs serve as intermediaries between insurance companies, pharmacies, and pharmaceutical manufacturers.²⁴ They administer prescription drug insurance benefits by “negotiating prices with drug manufacturers and pharmacies, establishing drug formularies and pharmacy networks, and processing drug claims.”²⁵ In other words, the PBMs negotiate with pharmaceutical companies and design the prescription drug benefit on behalf of insurance companies.²⁶ Increasingly, and in the case of CVS Health, the PBM (e.g., CVS Caremark), insurance company (e.g., Aetna), and the retail pharmacies (e.g., CVS Pharmacy) are part of the same company.²⁷

Over the past few decades, there has been significant concentration and vertical integration in the PBM market. In 2003, the top four PBMs controlled 68 percent of the market.²⁸ By 2024, the three largest PBMs controlled nearly 80 percent of the market for PBM services: CVS Caremark (27 percent), Cigna/Express Scripts (30 percent), and UnitedHealth/OptumRx (23 percent).²⁹ Before 2005, none of the largest PBMs were vertically integrated with insurance companies or retail pharmacy chains.³⁰ Today, all three are owned by insurance companies, which started when UnitedHealth acquired PacifiCare (now OptumRx) in

²⁴ See T. Joseph Mattingly II, et al., *Pharmacy Benefit Managers: History, Business Practices, Economics, and Policy*, 4 JAMA HEALTH FORUM (2003).

²⁵ Matthew Fiedler, Loren Adler, & Richard G. Frank, *A Brief Look at Current Debates About Pharmacy Benefit Managers*, BROOKINGS INSTITUTION (Sep. 7, 2023).

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Follow the Pill: Understanding the U.S. Commercial Pharmaceutical Supply Chain*, KAISER FAMILY FOUNDATION 16 (2005).

²⁹ Fein, *supra* note 4.

³⁰ Mattingly, et al., *supra* note 24.

2005,³¹ then CVS Health acquired Caremark in 2007,³² and finally Express Scripts merged with Cigna in 2018.³³

The confluence of all these factors—the increase in PBM consolidation, vertical integration, and increased prescription drug spending—has led some to blame PBMs for the increase in prescription drug prices.³⁴ According to one study, “42 [percent] of every dollar spent on brand medicines” are fees and rebates received by PBMs.³⁵ Others claim that “PBMs raise drug costs by almost 30 [percent] due to the rebates they charge manufacturers to be on their formularies.”³⁶ Additionally, some claim that patients are charged “20 [percent] too much” for generic medications because of PBMs.³⁷

Further, the vertical integration, market consolidation, and high drug spending has attracted bipartisan interest in Congress. During the 118th Congress, the House Committee on Oversight and Accountability held a series of hearings investigating PBM pricing practices and issued a report highlighting its findings and proposing legislation.³⁸ Among other findings, the Oversight Committee found that PBMs anticompetitively steer patients away from independent pharmacies and toward PBM-owned retail pharmacies.³⁹ Similarly, the Senate Committee on the Judiciary has also investigated PBMs for competition related issues, leading to the introduction of two bills to “combat the high cost of prescription drugs and provide greater transparency of pharmacy benefit managers (PBMs).”⁴⁰

PBMs, however, claim that they save patients money. According to one account, PBMs reduce the cost of “prescription drugs and related medical costs” by up to 50 percent “compared to what they would spend without PBMs.”⁴¹ This account estimates that PBMs save patients over \$1,000 a year on average.⁴²

The truth, according to one analysis, may be somewhere in the middle. While PBMs do reduce drug spending to some degree, there is criticism that PBMs do not pass on enough of the savings to the consumer.⁴³ For example, one group estimates that PBMs keep around 5 percent

³¹ *Id.*

³² *Id.*

³³ Press Release, The Cigna Group, Cigna Completes Combination with Express Scripts, Establishing a Blueprint to Transform the Health Care System (Dec. 1, 2018).

³⁴ Susan Morse, *PBMs are Driving Up Drug Prices Through Fees*, PhRMA Report Claims, HEALTHCARE FINANCE (Sep. 18, 2023).

³⁵ *Id.*

³⁶ *The Truth About Pharmacy Benefit Managers: They Increase Costs and Restrict Patient Choice*, NCPA (last accessed May 30, 2024).

³⁷ Erin Trish, et al., *PBMs are Inflating the Cost of Generic Drugs. They Must Be Reined In*, USC SHAEFFER (Jul. 5, 2022).

³⁸ THE ROLE OF PHARMACY BENEFIT MANAGERS IN PRESCRIPTION DRUG MARKETS, REPORT PREPARED BY THE H. COMM. ON OVERSIGHT AND ACCOUNTABILITY STAFF, H. COMM. ON OVERSIGHT AND ACCOUNTABILITY, U.S. HOUSE OF REPRESENTATIVES (Jul. 23, 2024).

³⁹ *Id.*

⁴⁰ Press Release, Senator Chuck Grassley, Grassley, Cantwell Reintroduce Bills to Lower Prescription Drug Prices, Drive PBM Accountability (Feb. 12, 2025).

⁴¹ *The Value of PBMs*, PCMA (last accessed May 30, 2024).

⁴² *Id.*

⁴³ *High Drug Prices: Are PBMs the Right Target?*, BIPARTISAN POLICY CENTER (Feb. 2, 2023).

of the cost of a prescription drug, while another group estimates that PBMs keep over half of the revenue affiliated with a prescription drug.⁴⁴ Another study points the finger at pharmaceutical manufacturers, estimating that when PBMs negotiate a \$1 increase in rebates on brand name drugs, the pharmaceutical company responds by increasing the list price of that drug by \$1.17.⁴⁵

While scholars have conducted studies about the effect of PBMs on patients, there is no clear link between harms or benefits to patients and PBM operations. Some key outstanding questions include the extent to which a PBM can dictate which medications are available to patients, where those patients can obtain their medications, and whether a PBM has the market power to prohibit independent pharmacies from working with an innovative competitor.

The primary way that PBMs influence the access of medications in the supply chain is through formularies and networks. Formularies, constructed by PBMs, determine which medications are covered by a patient's health insurance plan.⁴⁶ Networks determine where and how patients can obtain medications.⁴⁷ Put together, formularies and networks determine the medications that a patient can access through insurance. Finally, PBMs can dictate how pharmacies in their network operate and compete against PBM-owned pharmacies by restricting an independent pharmacy's ability to work with companies that the PBM sees as a competitive threat.⁴⁸

Formularies

A formulary is the specific list of drugs that are covered by an insurance plan.⁴⁹ Pharmaceutical companies and PBMs negotiate the prices and terms for the drugs, including how certain drugs are covered under a patient's insurance coverage.⁵⁰ A formulary may contain generic drugs, brand-name drugs, or both, but an individual's insurance generally only covers the drugs on the formulary—if a patient requires a drug that is not on the formulary, the patient must pay out of pocket for that medication.⁵¹

One recent trend in formulary management is the exclusion of an increasing number of medications from a PBM's formulary. A formulary may be constructed in a variety of ways, from open (generally covering all prescribed medications), to closed (only covering a small set of medications), or even restricted (only covering generic medications).⁵² Since 2012, however, the number of medications covered under an open formulary has been significantly reduced by the big three PBMs.⁵³ In 2012, the large PBMs excluded less than 50 medications from their standard open formulary construction, but in 2025, the standard open formulary for all of the big

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ See *Formularies*, *infra* notes 49-61 and accompanying text.

⁴⁷ See *Networks*, *infra* notes 62-74 and accompanying text.

⁴⁸ See *Pharmacy as a Service*, *infra* notes 75-85 and accompanying text.

⁴⁹ See *Formulary*, [HEALTHCARE.GOV](https://www.healthcare.gov/plan-formulary) (last accessed Apr. 25, 2024).

⁵⁰ See *High Drug Prices*, *supra* note 43.

⁵¹ See Regina Boyle Wheeler, *What to Know About Your Formulary Drug List*, WEBMD (Nov. 21, 2023).

⁵² Adam J. Fein, *The Big Three PBMs' 2025 Formulary Exclusions: Humira, Stelara, Private Labels, and the Shaky Future for Pharmacy Biosimilars*, DRUG CHANNELS (Jan. 22, 2025)

⁵³ *Id.*

three PBMs excluded more than 600 medications.⁵⁴ According to one report, a common class of medications that have been excluded in recent years have been so-called single-source, brand name drugs, which have no generic equivalent.⁵⁵ In cases like this, if a patient is prescribed a certain excluded medication, the patient is responsible for the full cost of the drug.⁵⁶

Additionally, plan sponsors (e.g., a patient's employer) may look to reduce costs by limiting the number of brand-name medications that are covered under the formulary.⁵⁷ While generic and brand-name medications may cost a similar amount to the patient on the front end, the cost for the plan sponsor may be different on the back end.⁵⁸ Therefore, a plan sponsor may try to modify the formulary to cover only low-cost generic versions of a drug.⁵⁹ In cases where the plan sponsor or PBM is unwilling to modify the formulary, the plan sponsor and PBM may attempt other tactics to limit the fulfillment of certain drugs.⁶⁰ One method to limit drug fulfillment is to pressure a PBM to audit an independent pharmacy and then claw back money for the prescription when the independent pharmacy fails to satisfy the strict audit documentation requirements established by the PBM.⁶¹

Networks

A PBM network is a set of pharmacies where patients can obtain their medications through their insurance coverage.⁶² For a patient to fully use in-network insurance and PBM benefits, the patient must use a pharmacy in the patient's PBM network.⁶³ All retail pharmacies generally must join the network of the largest PBMs because the three largest PBMs cover approximately 80 percent of insured Americans.⁶⁴ If an independent pharmacy refuses to adhere to CVS Caremark's requirements for staying in its network, that pharmacy would lose the ability to serve the approximately 30 percent of insured Americans that are in CVS Caremark's network.⁶⁵ While many patients travel to a physical pharmacy to obtain their medications, in the past decade patients increasingly use so-called mail-order pharmacies, which send patients medications through the mail.⁶⁶

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ See Lauren Vela, *Reducing Wasteful Spending in Employers' Pharmacy Benefit Plans*, THE COMMONWEALTH FUND (2019).

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ See CVS's Pretextual Justification for Harming Competition, *supra* note 13.

⁶¹ See CVS_HJC_00008675.

⁶² Robin J. Strongin, *The ABCs of PBMs*, NATIONAL HEALTH POLICY FORUM (1997).

⁶³ *Id.*

⁶⁴ See Adam J. Fein, *The Top Pharmacy Benefit Managers of 2024: Market Share and Key Industry Developments*, DRUG CHANNELS (Mar. 31, 2025).

⁶⁵ *Id.*

⁶⁶ Duy Do & Pascal Geldsetzer, *Trends in Mail-Order Pharmacy Use in the U.S. From 1996 to 2018: An Analysis of the Medical Expenditure Panel Survey*, 61 Am. J. of Preventative Medicine 63 (2021).

Many of the largest PBMs are vertically integrated with either retail, mail order, or specialty pharmacies, which helps create nation-wide networks.⁶⁷ This widespread access to in-network pharmacies may lead to significant benefits for patients, because they are able to conveniently access their medications wherever they are—for chain pharmacies such as CVS Pharmacies, the patient can often call and transfer their prescription for pickup at a new location for no additional cost.⁶⁸

Vertically integrated pharmacies often utilize so-called central fill processes to increase economies of scale to their operations.⁶⁹ Pharmacies that use central fill procedures will transfer prescriptions to a centralized facility to be processed and packaged before being transferred back to a retail pharmacy for distribution to the patient or simply mailed straight to the patient.⁷⁰ This system allows retail pharmacies to focus on patient services while outsourcing the processing and packaging of medications.⁷¹

While vertical integration may reduce costs for consumers, vertically integrated companies can create conflicts of interest.⁷² While the PBM and retail pharmacy chain are technically separate entities, like in the case of CVS Caremark and CVS Pharmacies, they both operate under the same parent company, CVS Health, and report to the same CEO, David Joyner. Given this relationship, the PBM, CVS Caremark in this case, may be incentivized to steer all the covered patients toward its own pharmacies.⁷³ The PBM may also be incentivized to prevent independent pharmacies from working with other technology companies that could grow and someday threaten CVS Health's PBM and pharmacy businesses by offering better or more innovative services.⁷⁴

Pharmacy as a Service

Around 2018, innovative digital healthcare companies began to see a shift in the pharmacy supply chain and recognized the need for a comprehensive suite of software tools to increase efficiency and provide better patient outcomes in an increasingly digital world.⁷⁵ The “pharmacy as a service” industry quickly emerged as a way to incorporate technology into already existing pharmacy workflows to connect patients, prescribers, manufacturers, and

⁶⁷ See Adam J. Fein, *Mapping the Vertical Integration of Insurers, PBMs, Specialty Pharmacies, and Providers: DCI's 2025 Update and Competitive Outlook*, DRUG CHANNELS (Apr. 9, 2025).

⁶⁸ See, e.g., *Transferring Prescriptions*, CVS (last accessed Jun. 5, 2024).

⁶⁹ See *Safe, Affordable, Reliable Filling*, McKESSON (last accessed Nov. 5, 2025); see also *Transformative Technologies Present Opportunities for Pharmacy Practice and Regulation*, NABP (Nov. 13, 2024).

⁷⁰ *Id.*; *Optum Home Delivery Pharmacy Brings Your Prescription to You*, UNITED HEALTH CARE (last accessed Nov. 5, 2025).

⁷¹ *Transformative Technologies Present Opportunities for Pharmacy Practice and Regulation*, *supra* note 69.

⁷² See, e.g., Bob Herman, ‘It's Beyond Unethical’: *Opaque Conflicts of Interest Permeate Prescription Drug Benefits*, STAT10 (Jun. 20, 2023).

⁷³ See Adam J. Fein, *Vertical Integration Lessons: The Economics and Strategies of Hospital-Owned Specialty Pharmacies*, DRUG CHANNELS (Nov. 7, 2023).

⁷⁴ See INTERNAL DOCUMENTS SHOW CVS'S ANTICOMPETITIVE INTENT, *infra* notes 100-235 and accompanying text.

⁷⁵ Alex Toman, *Hub Services: Simplifying Specialty Pharmacy*, PHARMACY TIMES (Sep. 6, 2018).

pharmacies in order to streamline benefit verification, prior authorization, and financial assistance processes.⁷⁶

Digital hub pharmacies, or “hubs” for short, are the primary companies innovating in the pharmacy as a service industry.⁷⁷ Some prominent hubs include Blink, Phil, Nimble, Carepoint, ASPN, and VitaCare (now owned by GoodRx). These hubs work as the central point between multiple parties involved in a prescription’s path from doctor to patient.⁷⁸ Most hubs also work with a nationwide network of independent pharmacies that dispense medications covered by a patient’s insurance.⁷⁹ Hub technology can help to streamline prior authorization requests and provide real-time price and eligibility checks, which may help patients get their medications quickly and at the lowest possible price.⁸⁰



Internal CVS analysis about hub pharmacies: NimbleRx; CVS_HJC_00011037.

Hubs are often also on the front lines of technological advancements.⁸¹ According to one study, many prescriptions written in the United States are never filled, meaning that most patients never end up taking the medications their doctor prescribed.⁸² Some hubs work to inform patients of the price of their medications before leaving the doctor’s office, find a pharmacy that will ship the medication to a patient’s home, work with the patient’s doctor to handle prior authorizations and refills, and help pharmacies collect co-pay and insurance information.⁸³

⁷⁶ See Kenneth C. Hohmeier, et al., *Permissionless Innovation in the Pharmacy Business Model: The Case for the Membership Pharmacy Model*, JAPHA PRACTICE INNOVATIONS (2024).

⁷⁷ Dennis M. Sponer, *Pharmacy Hubs – What, Why, How?*, SRX ADVISORS (Feb. 22, 2025).

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Understanding the Use of Medicines in the U.S. 2025*, IQVIA INSTITUTE (Apr. 30, 2025).

⁸³ CVS_HJC_00011038.

Despite the benefits to patients from allowing independent pharmacies to work with hubs, such alternative, nationwide pharmacy networks may directly compete with a PBM-owned or -affiliated pharmacy network, such as CVS Health’s retail pharmacy chain (i.e., CVS Pharmacy), and therefore may threaten its PBM (i.e., CVS Caremark) market position.⁸⁴ The PBM, as such, may seek to prohibit independent pharmacies from working with hubs, thereby eliminating any competitive threat before it materializes.⁸⁵

BLINK HEALTH

Key Services/Solutions

Blink Health: GoodRx-esque offering that provides users with low priced generics through an online discount card service

BlinkRx: Digital pharmacy that lowers prescription drug costs for select specialty medications by analyzing insurance, conducting benefits investigations, and applying manufacturer discounts. Patients fill their script through Blink, receive a text with lowest price, and get free home delivery.

Internal CVS analysis about hub pharmacies: Blink Rx; CVS_HJC_00011092.

II. THE COMMITTEE’S AND SUBCOMMITTEE’S INVESTIGATION

In September 2024, the Subcommittee on the Administrative State, Regulatory Reform, and Antitrust held a hearing to examine the role of PBMs in the healthcare industry.⁸⁶ During this hearing, expert witnesses testified that PBMs could prevent independent pharmacies from working with innovative companies, including hubs.⁸⁷ Chairman Jim Jordan asked the panel of witnesses, “Can a large PBM tell an independent pharmacy, ‘if you work with some new innovative company to bypass our network, we will cut off your pharmacy from our network and subject you to fees and audits?’”⁸⁸ The witnesses replied that PBMs likely do have the market power to stifle innovation in that way, and in particular, one witness replied that this type of conduct “probably happens.”⁸⁹

As a result of this testimony, on December 12, 2024, the Committee and Subcommittee sent CVS Health a letter to examine “whether CVS Caremark is engaged in activities that harm competition, stifle innovation, and may violate the antitrust laws.”⁹⁰ The Committee and Subcommittee noted that if “CVS Caremark is eliminating opportunities for patients to access [pharmacy] services through an independent pharmacist, this practice raises significant concerns for patient welfare and innovation across the nation.”⁹¹ The Committee’s investigation has been limited to CVS Caremark’s actions to stifle competition because independent pharmacies and hubs have only reported conduct by CVS Caremark and not any other PBM. Pursuant to the

⁸⁴ See CVS’s Internal Documents Highlight Hubs as a Competitive Threat, *supra* note 7.

⁸⁵ See CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *supra* note 10.

⁸⁶ *The Role of Pharmacy Benefit Managers*, *supra* note 1.

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ Letter from Hon. Jim Jordan, Chairman, H. Comm. on the Judiciary, and Hon. Thomas Massie, Chairman, Subcomm. on the Administrative State, Regulatory Reform, and Antitrust, to David Joyner, President and CEO, CVS Health (Dec. 12, 2024).

⁹¹ *Id.*

Rules of the House of Representatives, the Committee has jurisdiction to conduct oversight and legislate on matters relating to the “[p]rotection of trade and commerce against unlawful restraints and monopolies.”⁹²

On January 6, 2025, in response to the Committee’s and Subcommittee’s request, CVS Health provided a briefing outlining CVS Health’s position on independent pharmacies working with hubs and CVS Health’s attempts to eliminate alleged fraud from its network. On January 15, 2025, CVS Health began producing documents and information responsive to the Committee’s request and by October 29, 2025, CVS Health produced over 2,200 documents responsive to the Committee’s oversight. Among other documents, CVS Health produced nonpublic strategic analyses, audit records, provider manuals, cease-and-desist letters, external communications between independent pharmacies and CVS Health employees, and internal communications among CVS Health employees.

In particular, CVS Health produced draft and final versions of its 2020, 2022, and 2024 provider manuals, which list the rules that an independent pharmacy must follow to be a part of CVS Caremark’s pharmacy network. CVS Health produced cease-and-desist letters demanding that independent pharmacies stop working with hubs because of alleged violations of the provider manual.⁹³ If the independent pharmacy refused to stop working with the hub pharmacies, it could face potential termination from CVS Caremark’s pharmacy network.⁹⁴ If an independent pharmacy is terminated from CVS Caremark’s pharmacy network, it cannot dispense medications to patients whose insurance plan uses CVS Caremark’s PBM, approximately 30 percent of the insured population.⁹⁵

Despite CVS Health’s assertions to the contrary, there are indications that CVS Health has not produced all documents and communications responsive to the Committee’s requests. In February 2025, CVS Health claimed that all cease-and-desist letters had been produced to the Committee.⁹⁶ In October 2025, however, CVS Health produced an additional batch of cease-and-desist letters.⁹⁷ Following the production of additional cease-and-desist letters in October 2025, CVS Health has not confirmed that it has produced all cease-and-desist letters related to independent pharmacies working with hub pharmacies and internal communications discussing sending cease-and-desist letters that have not been produced.⁹⁸ Similarly, CVS Health did not fully comply with a Federal Trade Commission civil investigative demand, which resulted in an February 2025 order from a federal judge requiring CVS Health to hand over the material requested by the government.⁹⁹

⁹² Rules of the U.S. House of Representatives, R. X, 119th Cong. (2025).

⁹³ See e.g. CVS_HJC_00000247 and CVS_HJC_00000375.

⁹⁴ See CVS Terminated Market 32 Pharmacy’s *Contract for Working with Blink Rx*, *infra* notes 191-199 and accompanying text.

⁹⁵ See Fein, *supra* note 4.

⁹⁶ Email from counsel to CVS to Committee staff (Feb. 15, 2025).

⁹⁷ See e.g. CVS_HJC_00014247.

⁹⁸ CVS_HJC_00012459.

⁹⁹ Jared Foretek, *CVS Ordered to Comply with FTC’s PBM Subpoena*, LAW360 (Feb. 26, 2025).

III. INTERNAL DOCUMENTS SHOW CVS'S ANTICOMPETITIVE INTENT

Non-public documents produced to the Committee show that CVS Health acted to stifle innovation and reduce competition. Anticipating that digital pharmacy services from hub pharmacies would threaten its business, CVS Health developed plans to establish its own suite of digital pharmacy services.¹⁰⁰ Instead of competing against other digital pharmacy service providers, CVS Health prevented independent pharmacies from utilizing pharmacy services from any company other than CVS Health.¹⁰¹ To prevent other digital pharmacy service providers from growing, CVS Health monitored the business relationships of independent pharmacies,¹⁰² modified its provider manual to prevent independent pharmacies from working with hubs,¹⁰³ used the modified provider manual as a pretext to audit independent pharmacies,¹⁰⁴ and sent cease-and-desist letters to those independent pharmacies found to be working with hubs.¹⁰⁵ If an independent pharmacy ran afoul of CVS Health's requirements and was kicked out of CVS Caremark's network, that pharmacy would lose the ability to serve the approximately 30 percent of the insured Americans that are in CVS Caremark's network.¹⁰⁶ CVS Caremark's 30 percent market share in the PBM market provides leverage for CVS Health to force independent pharmacies to not do business with smaller companies. While CVS Health can and should vigorously compete by building services its customers want, CVS Health's attempt to stifle competitors separate from competing on the merits could result in harms to consumers.

CVS Health modified its provider manual to target and punish independent pharmacies that worked with hub pharmacies. CVS Health justified its actions by claiming to be responding to fraud claims from plan sponsors. However, despite numerous years-long investigations into independent pharmacies that worked with hubs, CVS Health has not produced any evidence to support a finding of fraud. In fact, CVS Health has admitted to never finding any cases of fraud connected to independent pharmacies working with hubs.¹⁰⁷

¹⁰⁰ See CVS Internal Documents Highlight Hub Pharmacies as a Competitive Threat, *supra* note 7.

¹⁰¹ *See id.*

¹⁰² See CVS Monitored Independent Pharmacies for Hub Activity, *supra* note 8.

¹⁰³ See CVS Rewrote its Rulebook to Prevent Independent Pharmacies from Working with Hubs, *supra* note 9.

¹⁰⁴ See CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *supra* note 10.

¹⁰⁵ *Id.*

¹⁰⁶ See Fein, *supra* note 4.

¹⁰⁷ Call between Committee Staff and counsel for CVS (Oct. 21, 2025)

CVS's Internal Documents Highlight Hubs as a Competitive Threat

CVS Health has the incentive to anticompetitively stifle competition because, according to internal CVS Health documents, it desired to buy or build services it saw innovative companies offering, but CVS Health faced significant headwinds in competing with these new companies. As early as 2019, CVS Health felt competitive pressure from innovative offerings such as PillPack (acquired by Amazon in 2018), Capsule, TruePill, NimbleRx, PhilRx, and BlinkRx. According to an internal CVS Health analysis, CVS Health concluded that the “competitive landscape is shifting . . . and we need to act. Amazon and a preponderance of smaller players are making substantial digital advances with the potential to redefine the traditional pharmacy experience.”¹⁰⁸ CVS Health also highlighted that it “needs to make long term digital investments” to counteract this “threat and keep up with rapidly evolving patient expectations”¹⁰⁹ so as to “not be displaced by digital disruptors.”¹¹⁰ Further, CVS Health noted the need to invest in its own product offerings “to ensure [its] digital capabilities . . . are on par with those of [its] competitors.”¹¹¹

Future Phases (beyond Q2 2021): <i>Seamless integration of central and local fill nodes and real time adjudication</i>	
• Create a hub pharmacy to intake and route fill requests received from B2B2C partners and patients living far from a physical store	
• Transfer recurring Rx basket seamlessly into multi-dose packs	
• Show real adjudicated price during refill transaction	
• Ability to schedule delivery window during refill transaction	
• Home delivery of refills and recurring orders processed by low cost, highly automated central fill node	
• Ability to call for medication inventory chain wide	
• Ability to initiate claim adjudication and pass output to system of record (RxConnect)	
• Bypass delivery confirmation for refills and recurring orders	
• System to transfer scripts/fills from central hub to local store for same day pickup or delivery, then back to central hub	

Internal CVS plans to create an in-house hub pharmacy; CVS_HJC_00011020.

CVS Health saw the threat as existential. Based on CVS Health’s analysis, failing to act would result in over \$200 million in losses per year by 2027.¹¹² CVS Health’s internal analysis concluded that investment was the only way to “not be displaced by digital disruptors.”¹¹³ The analysis concluded that “[i]nvesting here could be critical to prevent others (e.g. AMZN) from sweeping this market which could represent much of the entire digital [prescription] space.”¹¹⁴

¹⁰⁸ CVS_HJC_00011012.

¹⁰⁹ *Id.*

¹¹⁰ CVS_HJC_00011014.

¹¹¹ CVS_HJC_00011012.

¹¹² CVS_HJC_00011013.

¹¹³ CVS_HJC_00011014.

¹¹⁴ CVS_HJC_00011015.

CVS Health desired to “create a hub pharmacy” to compete against BlinkRx and other innovative software companies.¹¹⁵ CVS Health wanted to use this hub pharmacy to “route fill requests,” “[s]how [the] real adjudicated price during [the] refill transaction,” allow patients to “schedule [a] delivery window,” and facilitate “home delivery of refills and recurring orders processed by [a] low cost, highly automated central fill” model.¹¹⁶ CVS Health also wanted to develop a “system to transfer scripts/fills from central hub to local store for same day pickup or delivery, then back to central hub.”¹¹⁷

CVS Health’s strategic plans explained the headwinds for CVS Health in competing against innovative companies. Buying one of these innovative companies would be “expensive due to growth potential and historical funding.”¹¹⁸ CVS Health also considered partnering with an existing company, but determined that partnering with one of these companies was a bad “strategic fit in building competitors brand.”¹¹⁹ Finally, building its own solution meant overcoming difficult “[t]echnical capabilities different than existing Rx roadmap” and “[w]ill require multi-year investment” all while “[c]ompetitors are established in the market.”¹²⁰

CVS Health also prominently highlighted Blink as a “disruptor” in an early 2020 business review presentation.¹²¹ In a section of the presentation titled “Notable Competitive Overviews,” CVS Health identified Blink as one of a number of “[p]ragmatic digital health solutions [that] improve patient care, make clinical teams more efficient, and reduce costs.”¹²²

According to CVS Health’s internal strategy documents, CVS Health sought to build a platform that operated almost identically to Blink’s pharmacy service model. CVS Health essentially copied Blink’s business model by envisioning a digital-first pharmacy where, by partnering with independent pharmacies, there is “no need [for patients] to communicate with a physical retail store, patient[s] can create an online profile to receive prescriptions [,] . . . manage and track order in near real time, [and] schedule delivery online.”¹²³ CVS Health also envisioned that its platform would “support other pharmacies (e.g. independents) or other providers (e.g. asynchronous telehealth companies).”¹²⁴

¹¹⁵ CVS_HJC_00011020.

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ CVS_HJC_00011018.

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ CVS_HJC_00010972.

¹²² *Id.*

¹²³ CVS_HJC_00011014.

¹²⁴ *Id.*

Customer pain points in current CVS Digital Rx Experience	What patients should experience from a Digital Pharmacy
<ul style="list-style-type: none"> Patient cannot create Rx-tied digital account until after they have filled prescriptions at the retail pharmacy For first fills, patients do not receive any confirmation from CVS <u>until</u> the order has been prepped by the store team Patient who prefers Rx delivered must request a refill, wait for store to fill order, get Rx ready notification, then log back in to checkout for delivery Patient doesn't know the price of an order until after it has been prepped by the store team Patients must learn about and opt into each of our pharmacy programs independently, e.g.: <ul style="list-style-type: none"> ReadyFill and ScriptSync presented separately MDP presented as a completely separate service and enrollment flow Customers seeking help or clinical guidance must go to the store or call 	<ul style="list-style-type: none"> Patient can get started and create full pharmacy profile online without having to go to the store or call Send an order received notification to digitally engaged patients with estimated ready time When submitting fill request, patient can choose to pickup Rx from any store within 2 hours or have it delivered Show adjudicated price (copay) to patient when submitting digital fill order Ability to set up recurring pharmacy orders that include: <ul style="list-style-type: none"> Auto refills and renewals Synchronized Rx Delivery or pickup optional MDP optional Passive checkout 24/7 pharmacy and customer service chat

Internal CVS analysis detailing the capacities that CVS needs to build to be competitive with disruptive rivals; CVS_HJC_00011014.

<p>1</p> <p>Digital Pharmacy (Branch-less, customer first experience)</p> 	<ul style="list-style-type: none"> No need to communicate with a physical retail store, patient can create an online profile to receive prescriptions Manage and track order in near real-time, schedule delivery online 24/7 pharmacy and customer service chat
<p>2</p> <p>Pharmacy as a Service (Connect with third parties)</p> 	<ul style="list-style-type: none"> Third party connectivity via robust set of APIs to offer services (e.g. medication management software, back end fulfillment, delivery, customer service, etc.) Services could support other pharmacies (e.g. independents) or other providers (e.g. asynchronous telehealth companies)
<p>CVS needs to invest now to develop both of these digital experiences to not be displaced by digital disruptors</p>	

Internal CVS analysis detailing CVS's current competitive shortcomings and plan for addressing those deficits; CVS_HJC_00011017.

CVS Monitored Independent Pharmacies for Hub Activity

Likely because CVS Health fell behind in innovation and faced significant headwinds, the company began monitoring pharmacies in its network to see if any were utilizing hubs.¹²⁵ CVS Health investigated one pharmacy in California because “the dispensing profile [did] not appear to be a normal retail pharmacy,” and suggested instead the pharmacy acted more like a hub.¹²⁶ CVS Health investigated another pharmacy because an auditor discovered the pharmacy uses an “off-site” location to process prescriptions and “suggest[ed] there may be a central hub[.]”¹²⁷

Additionally, CVS Health used its position owning a PBM to access non-public information about how hubs work with independent pharmacies to potentially gain a competitive advantage. In one case, CVS Health attempted to track exactly “where the money is going” between the independent pharmacy and the hub pharmacy.¹²⁸ CVS Health also investigated why an independent pharmacy appeared to be “engaging in HUB like activities, but [was] also handling all financials including collection of copayments.”¹²⁹ In this case, CVS Health also wanted to “see if they are triaging out prescriptions vs. assigning their own prescription number and then transferring those out to individual pharmacies.”¹³⁰ In another case, CVS Health investigated a pharmacy that “appear[ed] to be a HUB” but CVS Health was unable “to identify where the claims [were] migrating to.”¹³¹ Finally, CVS Health required at least one independent pharmacy to hand over its contracts between the independent pharmacy and hubs, including Phil and Blink.¹³² CVS Health has the incentive and ability to use this non-public information from independent pharmacies to make changes to CVS Health’s provider manual to prohibit those actions and to help develop its own hub technology.

CVS Rewrote its Rulebook to Prevent Independent Pharmacies from Working with Hubs

Shortly after developing the plan to create its own hub pharmacy, CVS Health also began taking steps to eliminate the competitive threat that hubs posed by modifying the CVS Health provider manual, which details the rules that independent pharmacies must follow to serve CVS Caremark-covered patients (i.e., the 30 percent of insured Americans in the CVS Caremark PBM network), to prevent independent pharmacies from working with hub pharmacies.¹³³ These changes prohibited independent pharmacies from working with hubs or operating hubs or submitting test claims to help patients understand which medications are covered and at what price.¹³⁴ CVS Health employees even contemplated making it easier to punish pharmacies that

¹²⁵ CVS_HJC_00008403; CVS_HJC_00008408.

¹²⁶ CVS_HJC_00009576.

¹²⁷ CVS_HJC_00010048.

¹²⁸ *Id.*

¹²⁹ CVS_HJC_00010638.

¹³⁰ *Id.*

¹³¹ CVS_HJC_00008403.

¹³² CVS_HJC_00012963.

¹³³ CVS_HJC_00020368. A provider manual lists the rules that an independent pharmacy must follow to be a part of CVS’s pharmacy network.

¹³⁴ See notes 160-165 and 171-175 and accompanying text.

worked with hubs and prohibiting independent pharmacies from utilizing central fill procedures.¹³⁵

From: Walker, Wendy H. [REDACTED]
Sent: 8/2/2021 3:18:06 PM
To: Correia, Brian J. [REDACTED]; McCall, Steven D. [REDACTED]
Subject: RE: Amazon - Phoenix location - interesting discussion on Auvi-Q dispensing

Hi Brian, we do have “no hubs” language in the manual. Would the limited distribution relationship he described meet the definition of a hub? I’ll bring this up to Steve in our meeting this morning as I think Steve had someone (Amy?) draft a cease and desist to Amazon already, so this can be a part 2 . . . !

Internal CVS email confirming the existence of "no hubs" language in the provider manual; CVS_HJC_00020368.

CVS Health worked to explicitly prohibit independent pharmacies from working with rival hubs. A manager in CVS Health’s pharmacy performance division wrote that CVS Health “forbid[s] pharmacies from using a hub,” and that CVS Health “should strengthen the language to also prevent [independent pharmacies] from functioning as HUBs.”¹³⁶ To make sure independent pharmacies and hubs could not work together, this CVS Health employee “tweaked” the provider manual, after meeting with the company’s in-house legal team, to prevent independent pharmacies from “acting as [the] local pharmacy providers for third party hubs (ex/ blink rx).”¹³⁷ Another senior manager at CVS Health also remarked that pharmacies need to receive written consent by CVS Health before working as a “HUB service provider.”¹³⁸ However, when pharmacies attempted to receive consent to work with a hub pharmacy, CVS Health denied the requests.¹³⁹

From: Kapadia, Amish B. [REDACTED]
Sent: Tuesday, February 15, 2022 2:30 PM
To: Walker, Wendy H. [REDACTED]
Cc: Falzarano, Andrew [REDACTED]; Haffner, Heidi H. [REDACTED]; Grosso, Lauren A. [REDACTED]; McCall, Steven D. [REDACTED]; Kapadia, Amish B. [REDACTED]
Subject: FW: therapeutic cost manipulation framework

Wendy

After today’s legal call I was just thinking about this proposed PM verbiage. I tweaked it slightly as I think we will see more providers acting as local pharmacy providers for third party hubs (ex/ blink rx).

Thanks

Internal CVS email discussing changes to the provider manual in response to hub pharmacies like Blink Rx; CVS_HJC_00011411.

¹³⁵ See notes 169, 170, and 177 and accompanying text.

¹³⁶ CVS_HJC_00009553.

¹³⁷ CVS_HJC_00011411.

¹³⁸ CVS_HJC_00009579.

¹³⁹ CVS_HJC_00000785; CVS_HJC_00020700.

The “ tweaks ” that the senior manager implemented explicitly prohibited independent pharmacies from working with hubs in certain way. For example, independent pharmacies could no longer share patient information with hubs or use hubs to obtain drug reimbursement data.¹⁴⁰

3. Facilitate the operation of a pharmacy billing hub, or alternative pharmacy provider (with or without common ownership):

- Sharing eligible person's private and confidential identify information with third parties such as marketers or pharmaceutical hubs.
- Leveraging multiple third party software platforms to obtain drug reimbursement data.
- Act as a third party billing hub to test and transfer prescriptions to local pharmacy providers.
- Participate as a fulfillment center (e.g. local pharmacy provider) for a third party billing entity.

- Dispense medications pursuant to prescriptions obtain from non-prescriber third party entities.
- Collecting copayments on behalf of a third party entity.
- Obtaining payment from third party entities for dispensing services provided as a local hub provider.

In the event Provider breaches this provision of the Provider Manual, Caremark, on its own behalf, or on behalf of a Plan Sponsor, may terminate the Provider Agreement (or Provider's participation in specific Plans or networks) and may exercise other remedies available to Caremark, including chargeback of applicable claims.

Amish Kapadia PharmD | Manager, Network Pharmacy, CVS Caremark

9501 E Shea Blvd. Mail Code 053, Scottsdale, AZ 85260

“ Tweaked ” provider manual language to address independent pharmacies working with hub pharmacies; CVS_HJC_00011412.

Additionally, CVS Health made changes to its provider manual that prohibit independent pharmacies from integrating a hub pharmacy's third-party software into its pharmacy management system. CVS Health's existing provider manual already required independent pharmacies to “utilize software certified by Caremark”; however, in 2019, CVS Health added language to the manual that prohibited an independent pharmacy from disclosing its “software certification ID” for use by “any other software or other user/entity.”¹⁴¹ In simpler words, CVS Health altered its agreement with independent pharmacies to prevent a hub from integrating its software into the independent pharmacy's already-CVS Health-certified software.¹⁴²

CVS Health made changes to its provider manual to expressly prohibit test claims of any kind.¹⁴³ Test claims allow pharmacies to “test” a patient's insurance benefit and eligibility to provide the patient with information about the price of a medication.¹⁴⁴ Hubs sometimes use this process to provide patients with pricing information while still in the doctor's office, allowing patients to have honest conversations with their doctors about their ability to afford the medication that they are prescribed.¹⁴⁵ CVS Health also sought to integrate this test claim

¹⁴⁰ CVS_HJC_00011412.

¹⁴¹ CVS_HJC_00014166.

¹⁴² See also CVS_HJC_00011257

¹⁴³ CVS_HJC_00009579

¹⁴⁴ Harini Bupathi, *Pharmacy Alert: PBMs Target Pharmacies Over Third-Party Relationships and Test Claims*, FRIER LEVITT (May 22, 2025).

¹⁴⁵ See CVS_HJC_00011017.

technology into its own hub pharmacy platform.¹⁴⁶ As an owner of pharmacies, CVS Health has an incentive to not allow a third party to tell patients where the patient can access the lowest cost medicine before arriving at the pharmacy counter. As a result, CVS Health made changes to the provider manual to prohibit independent pharmacies from submitting test claims while “acting as a HUB service provider.”¹⁴⁷

CVS Health also contemplated additional changes to quickly terminate pharmacies working with hubs and to directly prohibit independent pharmacies from utilizing a central fill (i.e., transferring prescriptions to a centralized facility for processing and packaging before being transferred back to a retail pharmacy for distribution to the patient or mailed straight to the patient) model despite these procedures being a core feature of CVS Health’s business model. Despite generally requiring six months before terminating an independent pharmacy from the network to give the pharmacy time to comply, an employee at CVS Health asked Steve McCall, the vice president for network performance at CVS Health, whether “there [is] something we can add to the effect of pharmacies found to be noncompliant with the [provider manual] (i.e. hub models, third party marketers, aberrant quantities, etc.)” can be “term[inat]ed . . . after one month” because “6 months is too long.”¹⁴⁸ In an email from 2019 a manager of network performance at CVS Health contemplated adding “new language” to the provider manual to “address central fill,”¹⁴⁹ but a few days later she sent an email scrapping the idea.¹⁵⁰ These potential changes show the extent to which the hub model threatened CVS Health, but that CVS Health hesitated before taking some of the most drastic actions against hubs and the pharmacies that work with them.

CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs

Documents obtained by the Committee also suggest that CVS Health attempted to eliminate competition from rival hubs and force independent pharmacies toward its own products through its use of cease-and-desist letters. Specifically, CVS Health used the “no hubs language in the [provider] manual” as a pretext to subject independent pharmacies to burdensome and costly audits for working with rival hubs and then sent those same independent pharmacies cease-and-desist letters prohibiting them from working with rival hubs.¹⁵¹ In at least one instance, CVS Health terminated one independent pharmacy’s provider contract for working with a rival hub pharmacy.

In August 2022, CVS Health sent cease-and-desist letters to at least 40 pharmacies claiming that those pharmacies were in violation of the provider manual for working with rival hubs.¹⁵² The letters claimed that the independent pharmacy was “in violation of [the] provider agreement” for processing claims for a migraine medication while working with certain

¹⁴⁶ *Id.*

¹⁴⁷ CVS_HJC_00009579

¹⁴⁸ CVS_HJC_00008885.

¹⁴⁹ CVS_HJC_00009754

¹⁵⁰ *Id.*

¹⁵¹ CVS_HJC_00020368.

¹⁵² CVS_HJC_00000228.

pharmacy hubs.¹⁵³ The letters demanded that the independent pharmacy take steps to stop working with hubs including reversing all prescription claims for a certain drug.¹⁵⁴

In other words, CVS Health prohibited independent pharmacies from using hubs to submit insurance claims or collect patient copays and demanded the independent pharmacy forgo reimbursement for medications already dispensed by reversing the insurance claim. CVS Health also threatened to terminate the independent pharmacy from the network for failure to comply with the demands.¹⁵⁵

According to internal communications, the cease-and-desist letters worked as intended. According to Steve McCall, the vice president for network performance for CVS Caremark, the cease-and-desist letters led several independent pharmacies to “end their contracts” with the hubs.¹⁵⁶ He likened one example of a hub and independent pharmacy working together to dispense certain medications as “a gateway drug” that may lead to “hyper-inflated” drugs being dispensed through hub practices.¹⁵⁷

CVS Health made certain claims about its actions publicly that are contradicted in its internal documents. Publicly, CVS Health claimed that it works to remove drugs with hyperinflated prices from its formulary to reduce costs for patients and plan sponsors.¹⁵⁸ If CVS Health removed a drug from its formulary, a patient would know the drug is not covered by insurance and plan sponsors would not be responsible for the cost.¹⁵⁹ Privately, however, CVS Health’s internal documents show that CVS Health generally did not remove these drugs from their formulary.¹⁶⁰ Instead, CVS Health opted to pressure independent pharmacies to stop dispensing certain disfavored medications through prior authorizations, audits, and cease-and-desist letters, including when a hub pharmacy may help patients access certain drugs.¹⁶¹ While those medications are still covered by a patient’s insurance, and pharmacies are still allowed to dispense the medication, CVS Health nevertheless hoped that pharmacists would change their dispensing habits so as to not face more audits in the future.¹⁶²

¹⁵³ *Id.*

¹⁵⁴ See, e.g., CVS_HJC_00000247.

¹⁵⁵ *Id.*

¹⁵⁶ CVS_HJC_10001905

¹⁵⁷ *Id.*

¹⁵⁸ *Keeping Prescription Medications Affordable for CVS Caremark Members*, CVS HEALTH (May 14, 2025); *Hyperinflation*, CVS HEALTH (last accessed Nov. 5, 2025).

¹⁵⁹ See e.g. *Drug Removals for Clients with Advanced Contril Specialty Formulary*, CVS CAREMARK (Oct. 2023).

¹⁶⁰ CVS_HJC_00020368

¹⁶¹ CVS_HJC_00011904-00011906.

¹⁶² CVS_HJC_00009621.

After the first tranche of cease-and-desist letters, CVS Health expanded its crackdown on hub pharmacy activity and sent at least 15 additional letters to independent pharmacies prohibiting those pharmacies from working with hubs.¹⁶³ The letters to the additional pharmacies were sent on the basis that CVS Health had “recently become aware of practices between [the independent pharmacy] and hub pharmacies for prescription claims that are in violation of [the] provider agreement.”¹⁶⁴

REQUIRED ACTIONS

Caremark requires that **Village Fertility Pharmacy**

1. Immediately cease allowing all pharmaceutical hubs including **BLINK RX** to use its NPI number, NCPDP number, software certification ID, or other identifier to submit a claim (including a test claim) to Caremark; and
2. Immediately cease outsourcing the collection of Patient Pay amounts or submit claims to Caremark for which the collection of Patient Pay Amounts was performed by another entity; and
3. Immediately cease allowing all pharmaceutical hubs to submit claims using Pharmaceutical Manufacturer Coupons to reduce member copayments; and
4. Immediately cease submitting test claims for benefit verification without a valid prescription; and
5. Immediately conduct a review of claims to determine which claims were test claims and where those claims are in paid status, reverse all outstanding paid test claims.
6. Provide Caremark with a Corrective Action Plan (CAP) using the following documentation guidelines.

Cease-and-desist letter sent to Village Fertility Pharmacy; CVS_HJC_00000407.

In these additional letters, CVS Health did not highlight which prescription claims violated the provider agreement and took a more aggressive approach to cracking down on hub activity. These additional letters, like the original letters, required the independent pharmacy to stop using hubs to submit claims and collect copays.¹⁶⁵ Unlike the original letters, however, CVS Health also demanded that the independent pharmacies take additional steps that would limit their work with any hubs and provide CVS Health with a “Corrective Action Plan” to make sure the pharmacy followed CVS Health’s rules in the future.¹⁶⁶

The additional steps in this second set of cease-and-desist letters require that independent pharmacies must stop working with hubs to reduce costs for patients by not applying coupons, stop helping patients understand how much their medications cost by not running test claims, and submit a “corrective action plan” outlining how the independent pharmacy will operate without working with hubs.¹⁶⁷ Of these 15 cease-and-desist letters produced to date, four specifically target Blink Rx, four target Carepoint, three target ASPN, and one targets Phil. The remaining letters target other hubs or do not mention a specific hub pharmacy, heavily implying, as

¹⁶³ E.g. CVS_HJC_00000375.

¹⁶⁴ *Id.*

¹⁶⁵ CVS_HJC_00000284.

¹⁶⁶ CVS_HJC_00000407.

¹⁶⁷ *Id.*

multiple independent pharmacies discovered, that *any* interaction with a hub pharmacy is prohibited.

CVS's Actions Against White Drug for Working with Blink Rx

One independent pharmacy, White Drug (also referred to as “Thrifty White”), an independent pharmacy in North Dakota, partnered with the pharmacy network that Blink established to dispense medications to patients around the country. On November 10, 2021, CVS Health audited White Drug because it mailed medications to patients in a different state than where White Drug is physically located, and CVS Health discovered that those medications were transferred from Blink.¹⁶⁸ CVS Health learned during the audit that White Drug “participate[s] in Blink Health’s pharmacy network, which allows patients to select Thrifty White for prescription fulfillment.”¹⁶⁹

On January 24, 2023, CVS Health again audited White Drug after the pharmacy “appear[ed] as [an] outlier on [Blue Cross BlueShield of Tennessee’s] premier audit reports.”¹⁷⁰ The auditor “recommended this pharmacy for investigations” because “the majority of the prescriptions were transferred from Blink RX.”¹⁷¹ After the audit, on March 14, 2023, White Drug received a cease-and-desist letter prohibiting White Drug from allowing any hub pharmacy to use its provider information to submit test claims, use its information to bill insurance, or allow a hub pharmacy to collect patient copays on behalf of the pharmacy.¹⁷² In responding to CVS Health’s allegations, White Drug’s counsel claimed that White Drug’s relationship with Blink did not include any of those activities.¹⁷³

Despite White Drug’s claim to CVS Health that its relationship with Blink did not violate the provider agreement, CVS Health continued to attack White Drug to prevent Blink from working with the pharmacy. As early as June 2023, CVS Health claimed that White Drug was again violating the provider manual by simply partnering with Blink to dispense medications.¹⁷⁴ CVS Health took issue with the fact that White Drug was working as a “fulfillment pharmacy on behalf on Blink Health, who does all patient and prescriber contact.”¹⁷⁵ In other words, CVS Health objected to the fact that Blink transferred prescriptions to White Drug for processing and dispensing, even though these actions are not prohibited by CVS Health’s provider manual.

Additionally, between June 2023 and at least November 2024, CVS Health employees routinely compiled data about White Drug’s insurance claims as part of a concerted effort to track any independent pharmacies known to be working with Blink.¹⁷⁶ CVS Health claimed that White Drug was in violation of CVS Health’s cease-and-desist letter even though simply

¹⁶⁸ CVS_HJC_00012953.

¹⁶⁹ *Id.*

¹⁷⁰ CVS_HJC_00013297.

¹⁷¹ *Id.*

¹⁷² CVS_HJC_00011857.

¹⁷³ CVS_HJC_00012600.

¹⁷⁴ CVS_HJC_00011887.

¹⁷⁵ *Id.*

¹⁷⁶ CVS_HJC_00012313; CVS_HJC_00012275; CVS_HJC_00012791.

working with a hub pharmacy to fulfill valid prescriptions was not a violation of the letter.¹⁷⁷ CVS Health’s cease-and-desist letter prohibits White Drug from working with Blink Rx to file insurance claims, apply coupons, or collect patient copay amounts, but it does not prohibit White Drug from receiving prescription transfers from Blink Rx.¹⁷⁸

Finally, some of the evidence of malfeasance that CVS Health attempted to use to allege that the White Drug partnership with Blink violated the provider manual was faulty CVS Health data. On August 22, 2024, CVS Health sent White Drug information claiming to show that Blink “submitted test or eligibility claims using White Drug’s NCPDP or NPI number” in violation of the provider manual and cease-and-desist letter.¹⁷⁹ However, the test claims that CVS Health submitted as a part of its “data analytics” were for dates well into the future.¹⁸⁰ Specifically, CVS Health’s correspondence, sent on August 22, 2024, contained test claims that were supposedly submitted on “10/20/2024” and “8/16/2032”—two months and eight years into the future, respectively.¹⁸¹ As White Drug’s counsel explained, as of the time of the CVS Health’s letter, “neither [of the fill dates] have occurred. The Pharmacy researched the matter and has found no evidence that these two claims were submitted within the past year.”¹⁸²

As of November 2024, CVS Health initiated an additional audit looking into White Drug’s interactions with Blink.¹⁸³ The status of this audit is unknown.

CVS Health Audited Village Fertility Pharmacy for Working with Blink Rx

CVS Health targeted another pharmacy, Village Fertility Pharmacy, for also working with Blink. On October 23, 2024, CVS Health audited Village Fertility Pharmacy, an independent pharmacy located in Massachusetts, “for billing [a medication] for members who were not already getting some sort of fertility med[ication] and appear to be shipping [the medication] out of state.”¹⁸⁴ The auditor went on to note that the flagged prescriptions were commonly “Blink Rx medications.”¹⁸⁵ After finishing the audit and finding only three discrepancies among the over 150 claims audited, the auditor referred Village Fertility to an “expanded [audit] to review the Blink Rx prescriptions further.”¹⁸⁶ Less than two weeks later, on November 8, 2024, Village Fertility Pharmacy received a cease-and-desist letter for working with Blink,¹⁸⁷ and like the treatment White Drug received, CVS Health closely monitored Village Fertility’s claims to track the “known Blink items” dispensed by the pharmacy.¹⁸⁸

¹⁷⁷ CVS_HJC_00011886; CVS_HJC_00012275; CVS_HJC_00012600.

¹⁷⁸ See CVS_HJC_00011887.

¹⁷⁹ CVS_HJC_00000424.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² CVS_HJC_00000427.

¹⁸³ CVS_HJC_00012791.

¹⁸⁴ CVS_HJC_00014055.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ CVS_HJC_00000406.

¹⁸⁸ CVS_HJC_00012827.

Again, like White Drug, Village Fertility claimed to be in full compliance with CVS Health’s provider manual while partnering with Blink.¹⁸⁹ Village Fertility explained exactly what Blink does and why the relationship should be acceptable:

[Village Fertility (VFP)] is committed to supporting comprehensive medication access solutions to patients nationwide. To further that goal, VFP has partnered with BlinkRx to improve patients’ medication access and affordability. As part of the relationship between VFP and BlinkRx, where applicable, BlinkRx transfers prescriptions to VFP so VFP can provide comprehensive pharmacy services . . . VFP’s business with BlinkRx in no way permits BlinkRx to use VFP’s identifiers to submit claims on VFP’s behalf . . . VFP does not outsource the collection of Patient Pay Amounts to a third party, including BlinkRx . . . [and] it is VFP—not BlinkRx—that applies any Pharmaceutical Manufacturer Coupons.¹⁹⁰

CVS Health Terminated Market 32 Pharmacy’s Contract for Working with Blink Rx

CVS Health’s internal documents reflect that, in at least one case, CVS Health terminated an independent pharmacy’s provider agreement for working with Blink Rx. In December 2022, CVS Health audited Market 32 Pharmacy, another independent pharmacy based in Massachusetts, during which the CVS Health auditor informed Market 32 that working with Blink violated its provider agreement.¹⁹¹ Market 32 explained that it was “aware of revisions that have been made to the Provider Manual in recent years contain[ing] certain requirements on who and where patient pay amounts are to be collected and similar requirements relevant to coupons and other offsets.”¹⁹² Market 32 explained the process by which it works with Blink to collect patient payments and apply manufacturer coupons to reduce patient co-pays.¹⁹³ Market 32 requested authorization to continue working with the hub pharmacy as normal but promised to pause all work with Blink related to CVS Health’s complaints until CVS Health granted Market 32 permission to proceed.¹⁹⁴ CVS Health denied the request.¹⁹⁵

¹⁸⁹ CVS_HJC_00000931.

¹⁹⁰ *Id.*

¹⁹¹ CVS_HJC_00000785.

¹⁹² *Id.*

¹⁹³ *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

Please be advised that we are aware that revisions that have been made to the Provider Manual in recent years contain certain requirements on who and where patient pay amounts are to be collected and similar requirements relevant to coupons and other offsets. Please consider this a formal request for Caremark's authorization to continue with the process as outlined above. We will also submit a more formal request to this effect. Please also be advised that we have officially paused the process outlined above for copayments and coupons with respect to CVS/Caremark claims until we have CVS/Caremark's written authorization to proceed.

Please do not hesitate to contact me if you have any questions or if a discussion is helpful.

Regards,

[REDACTED]
Pharmacy Third Party Administrator
HIPAA Privacy Officer
The Golub Corporation
Market 32

Market 32's request to continue to work with hub pharmacies; CVS_HJC_00000786.

Hi [REDACTED]:

At this point we are not granting your request to waive the Provider Manual requirements. At the conclusion of the final audit review including results of the pharmacy(s) that were in breach you may resubmit.

Thanks, Steve

Steven McCall, R.Ph., M.B.A. | Vice President, Network Services, CVS/caremark
[REDACTED]
CVS Health | 9501 E. Shea Blvd, MC-020, Scottsdale, AZ 85260

CVS's denial of Market 32's request to continue working with hub pharmacies; CVS_HJC_00000787.

On February 24, 2023, despite not sending a cease-and-desist letter to Market 32, CVS Health informed Market 32 that CVS Health's Pharmacy Membership Review Committee would review the "practices between [Market 32] and Blink" to "render a decision concerning [Market 32's] pharmacy membership in the Caremark network."¹⁹⁶ CVS Health claimed, without any supporting evidence, that Market 32 "continued using Blink as a pharmaceutical hub" after CVS Health denied its request to continue working with Blink.¹⁹⁷

On June 15, 2023, Market 32 notified Blink that it would no longer participate in the Blink pharmacy network.¹⁹⁸ However, the damage was already done—on September 5, 2023, CVS Health notified Market 32 that CVS Health's Pharmacy Membership Review Committee had decided to terminate Market 32 from CVS Health's pharmacy network because of Market 32's partnership with Blink in 2022.¹⁹⁹

¹⁹⁶ CVS_HJC_00000368.

¹⁹⁷ *Id.*

¹⁹⁸ CVS_HJC_00000366.

¹⁹⁹ *Id.*

RE: Notice of Termination
Market 32 Pharmacy Store #244
NCPDP: 2245024
NPI: 1659754208

Dear [REDACTED]

CVS Caremark ("Caremark") is notifying you that Caremark will terminate the Provider Agreement of The Golub Corporation's Market 32 Pharmacy Store #244 (NCPDP 2245024) ("Market 32") pursuant to terms of the Provider Agreement effective 11/09/2023. Caremark has been in contact with you regarding its audit of Market 32. As a result of the audit findings, Caremark's Pharmacy Membership Review Committee ("PMRC") has examined Market 32's audit history, other aspects of the pharmacy's performance, and common ownership. During the December 5, 2022 audit ("The Audit"), which covered the time frame of August 1, 2021 through August 31, 2022 ("Audit Period"), Caremark discovered The Golub Corporation to be outsourcing pharmacy processes to Blink Health ("Blink") for Xhance® prescriptions, which is a direct violation of the Provider Agreement with Caremark.

Termination notice sent by CVS to Market 32 Pharmacy; CVS_HJC_00000362.

CVS Let Albertsons-owned Pharmacies Off the Hook for Working with Blink Rx

The documents produced to the Committee also show that a pair of pharmacies faced different outcomes after receiving cease-and-desist letters from CVS Health. Albertsons Companies, which operates various grocery store chains such as Albertsons and Safeway, also owns several other pharmacies.²⁰⁰ In 2023, two pharmacies affiliated with Albertsons received audits and cease-and-desist letters.²⁰¹

Med Cart Specialty Pharmacy, in Michigan, received a cease-and-desist letter on March 6, 2023, after an auditor speculated that "there might be some hub activity" involving Med Cart and connected that activity to Blink during the audit of an unrelated pharmacy.²⁰² Med Cart then faced an audit of its own on August 7, 2023, after Aetna, an insurance company owned by CVS Health, complained about the pharmacy.²⁰³ In internal CVS Health communications, Med Cart was known as "another chain pharmacy using Blink and other HUBs."²⁰⁴

CVS Health similarly audited Sav-On Pharmacy, another Albertsons-affiliated pharmacy in California, on August 15, 2023. The auditor discovered that some prescriptions "were transfers from Blink Health" and referred "the pharmacy to the investigative team" for a more burdensome audit.²⁰⁵ Sav-On pharmacy received a cease-and-desist letter on September 7, 2023.²⁰⁶

²⁰⁰ See *All Albertsons Pharmacy Locations*, ALBERTSONS COMPANIES (last accessed Nov. 5, 2025).

²⁰¹ See *infra* notes 201-211 and accompanying text.

²⁰² CVS_HJC_00014043.

²⁰³ CVS_HJC_00010911.

²⁰⁴ CVS_HJC_00010910.

²⁰⁵ CVS_HJC_00013689.

²⁰⁶ CVS_HJC_00000398.

In correspondence between Albertsons and Steve McCall at CVS Health, Albertsons pushed back on some of the requirements of the cease-and-desist letters.²⁰⁷ In the cease-and-desist letter, CVS Health prohibited Med Cart from using a third party to collect copays, process claims, and apply coupons and required Med Cart to “cease all hub activity.”²⁰⁸ However, as Albertsons pointed out, this requirement is impossible because Med Cart is part of the Albertsons network and, like CVS Health, Albertsons utilizes central fill, copay collection, claims processing, and coupon application.²⁰⁹ Albertsons also noted that it “establish[ed] additional protocols to ensure we are following the provider manual.”²¹⁰ McCall appeared to accept this response and did not press the issue, thanking Albertsons for “getting this fixed.”²¹¹

Despite the relatively tame treatment faced by the Albertsons-owned pharmacies, the targeting of Market 32, White Drug, Village Fertility Pharmacy, Med Cart, and Sav-On represent a string of cases where CVS Health followed a standard playbook. When Blink partnered with a new independent pharmacy, CVS Health followed shortly thereafter with a cease-and-desist letter, threatening network termination if the independent pharmacy did not sever ties with Blink. Any independent pharmacy that chose to partner with Blink had to choose between Blink or CVS Health. Any independent pharmacy that chooses Blink over CVS Health could lose the ability to serve the approximately 30 percent of insured Americans that are in the CVS Caremark’s network if CVS Health choose to retaliate and kick the pharmacy out of its network.²¹²

CVS Health’s tactics could be detrimental to an entire geographic community. One independent pharmacy that CVS Health investigated for “unusual dispensing patterns” related to working with a hub pharmacy was the only pharmacy in that community.²¹³ Despite conceding that “the [prescriptions] are not illegal,” CVS Health nevertheless hoped that “following [the] audit, that the pharmacy will return to previous dispensing patterns.”²¹⁴ The threat behind those words is punishing for an independent pharmacy—unless “the pharmacy return[s] to previous dispensing patterns” and stops working with a rival hub, CVS Health may take away a community’s access to medication.²¹⁵

²⁰⁷ CVS_HJC_00000890.

²⁰⁸ CVS_HJC_00000398; CVS_HJC_00000891.

²⁰⁹ CVS_HJC_00000890.

²¹⁰ CVS_HJC_00000889.

²¹¹ CVS_HJC_00000889.

²¹² See Adam J. Fein, *The Top Pharmacy Benefit Managers of 2024: Market Share and Key Industry Developments*, DRUG CHANNELS (Mar. 31, 2025).

²¹³ CVS_HJC_00009622.

²¹⁴ CVS_HJC_00009621.

²¹⁵ See *id.*

CVS's Pretextual Justification for Harming Competition

Throughout the Committee's investigation, CVS Health has been consistent that the company does not have any vendetta against Blink or any other hub.²¹⁶ CVS Health's only goal, it claims, is to eliminate fraud from its system.²¹⁷ CVS Health claims to aggressively monitor fraud because the insurance companies and plan sponsors (i.e., employers that buy the health plans for their employees) that utilize CVS Caremark's PBM service lose money when pharmaceutical manufacturers pay pharmacies and doctors to push high-cost medications with dubious clinical applicability.²¹⁸ However, CVS Health has not produced any evidence to support the claim that hubs are engaged in fraudulent activity.

CVS Health produced documents related to fraud investigations for so-called "hyper-inflated" medications, which CVS Health classifies as medications where "manufacturers artificially inflate the price of drugs when clinically equivalent and more cost-effective alternatives are readily available."²¹⁹ The investigations generally began with an audit finding that the "[p]harmacy is prescribing hyper inflated medications" or a complaint from a plan sponsor about the "billing of hyper inflated drugs."²²⁰ In many of these situations, CVS Health internally recommended "aggressive plan edits" to eliminate coverage for hyper inflated medications or to block patient access to certain pharmacies because "[a]uditing pharmacies has minimal impact on overall drug spend."²²¹ In other words, CVS Health recommended that the plan sponsor or insurance company proactively edit the insurance plan to remove coverage of a certain medication instead of requesting time consuming audits.

However, rather than make changes to their plans, plan sponsors pressed CVS Health to perpetually audit independent pharmacies that dispense so-called hyper-inflated medications and CVS Health appears to have chosen to target hubs as an easy way to appease plan sponsors. Steve McCall acknowledged that independent pharmacies working with hubs "looks like [fraud, waste, and abuse] to plan sponsors."²²² According to audit records, hub activity led plan sponsors (i.e., employers that buy the health plans for their employees) to request that CVS Health review independent pharmacy transactions.²²³

Although CVS Health accommodated plan sponsor requests to subject independent pharmacies to audits for working with hubs, CVS Health knew that formulary changes were the better option for plan sponsors to control medication expenditures. According to audit records, CVS Health recommended that plan sponsors "review plan benefit designs and [the] formulary,"

²¹⁶ Call between Committee staff and CVS staff (Jan. 6, 2025); Call between Committee Staff and counsel for CVS (Oct. 6, 2025); Call between Committee staff and counsel for CVS (Oct. 21, 2025).

²¹⁷ *Id.*; Email from counsel for CVS to Committee Staff (Nov. 30, 2025).

²¹⁸ *Id.*

²¹⁹ See *Hyperinflation*, *supra* note 158.

²²⁰ CVS_HJC_00012300; CVS_HJC_00012329.

²²¹ CVS_HJC_00009672.

²²² CVS_HJC_00012783.

²²³ See e.g. CVS_HJC_00000683; CVS_HJC_00000667; CVS_HJC_00000664; CVS_HJC_00000659; CVS_HJC_00013451; CVS_HJC_00014055; CVS_HJC_00011370; CVS_HJC_00013297; CVS_HJC_00013601 (the pharmacy was audited while "using the Phul hub" and was told that working with a hub "was a contract violation.").

because “[p]lan edits [are] the most proactive way to assist in the prevention of high drug spend.”²²⁴ In other words, if a plan sponsor thinks that its members are being prescribed medications that are too expensive, instead of pressuring CVS Health to audit the pharmacy that dispensed the medication, the plan sponsor could simply remove the drug from the formulary.²²⁵

CVS Health initiated deeper, more intensive audits when it found independent pharmacies to be working with hubs. CVS Health changed its provider manual to specifically prevent independent pharmacies from working with hubs.²²⁶ CVS Health sent cease-and-desist letters to independent pharmacies for working with hubs.²²⁷ And CVS Health terminated at least one pharmacy for working with a hub.²²⁸

In response to questions from the Committee, CVS Health has offered some evidence of attempts to root out fraud stemming from concerns raised by plan sponsors and the Centers for Medicare and Medicaid Services. All evidence of fraudulent activity that CVS Health provided, however, appears to be connected to independent pharmacy schemes unrelated to working with legitimate hub pharmacies.²²⁹ For example, independent pharmacies worked with telehealth companies to fraudulently bill for more expensive products and procedures than those that were delivered and preformed.²³⁰ Independent pharmacies also worked with compounding pharmacies to fraudulently prescribe and dispense unnecessary hyper-inflated generic medications.²³¹

None of the evidence provided by CVS Health has been connected to the independent pharmacies shown to be working with legitimate hub pharmacies. In other words, despite CVS Health’s claim that it was “clearly responding to concrete evidence of fraud and waste in taking actions to scrutinize pharmacies in its network,”²³² CVS Health has not produced any documents or communications alleging fraudulent activity occurred because of independent pharmacies working with legitimate hub pharmacies. Even assuming that CVS Health made an honest mistake and investigated a legitimate company for potential fraud, nothing in the documents produced by CVS Health justifies the years-long, multifaceted campaign to eliminate competition from legitimate hubs and the independent pharmacies with which they work.

Documents produced to the Committee suggest, instead, that CVS Health may have used fraud as a pretext to act against hubs. The now-Chief Executive Officer of CVS Health, David Joyner, wrote that CVS Health’s actions toward Blink are “[a]nother example of a large PBM not allowing the small guys to compete,” but justified the behavior by claiming, without evidence, that “[w]hat’s lost in the headline is fraud.”²³³ Mr. Joyner was especially concerned about the

²²⁴ CVS_HJC_00000666; CVS_HJC_00008675.

²²⁵ See CVS_HJC_00011905-00011906.

²²⁶ See CVS Rewrote its Rulebook to Prevent Independent Pharmacies from Working with Hubs, *supra* note 9..

²²⁷ See CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *supra* note 10.

²²⁸ See CVS Terminated Market 32 Pharmacy’s Contract for working with Blink Rx, *supra* note 94.

²²⁹ Email from counsel for CVS to Committee staff (Nov. 30, 2025)

²³⁰ *Id.*

²³¹ *Id.*

²³² *Id.*

²³³ CVS_HJC_00011094.

Committee’s investigation, writing that “[l]ikely no one will check this battlecard but an important topic/background for certain congressman being supported by Blink.”²³⁴

Despite Mr. Joyner’s claim that Blink was engaged in fraud, he likely knew that his assertion was false. At the time, Mr. Joyner was the president of CVS Health’s PBM and oversaw the teams responsible for auditing and sending cease-and-desist letters to independent pharmacies for working with hub pharmacies. Given this position, he would have known that CVS Health had no evidence to support his claim. Therefore, once fraud is eliminated as a motivation for acting against hubs, the only possible explanation is “[a]nother example of a large PBM not allowing the small guys to compete.”²³⁵

From: Joyner, David <David.Joyner@CVSHealth.com>
Sent: Friday, September 27, 2024 9:26 AM
To: Kimball, Greggory <Greggory.Kimball@CVSHealth.com>
Subject: Re: Blink Health

Adding to intel.

Blink’s product was a “prepay” cash discount model. They were tapping into “funded” rates for the retail network which are deeper than cash discount networks. That’s why the large retailers don’t participate.

Likely no one will check this battlecard but an important topic/background for certain congressman being supported by Blink.. **Another example of a large PBM not allowing the small guys to compete.** What’s lost in the headline is fraud.

Email from David Joyner related to Blink Rx; CVS_HJC_00011094.

IV. CVS BACKTRACKS TO WORK WITH ONE HUB

After the Committee initiated its investigation into CVS Health’s anticompetitive actions, CVS Health engaged in negotiations to enter into a commercial arrangement with one hub, Blink Rx. While the negotiations did not result in an agreement, CVS Health distributed follow-up letters to independent pharmacies to provide an “[u]pdate on Caremark’s Policy Regarding Hubs.”²³⁶ On May 23, 2025, CVS Health distributed letters to at least 15 independent pharmacies, reversing its previous cease-and-desist letters and allowing the pharmacies to work with Blink.²³⁷ Specifically, CVS Health noted the “innovative offerings hubs may provide to help manage prescription drug costs” and allowed independent pharmacies to “partner with Blink.”²³⁸ Further, CVS Health wrote that an independent pharmacy’s “relationship with a hub will not be the basis for any audit finding or noncompliance with the provider manual.”²³⁹

²³⁴ *Id.*

²³⁵ *Id.*

²³⁶ CVS_HJC_00002411.

²³⁷ *Id.*

²³⁸ *Id.*

²³⁹ *Id.*

CVS Caremark is committed to providing access to high-quality, cost-effective pharmacy services and recognizes ongoing innovation in our industry to improve the services provided to our clients and their members. We appreciate and value all you do for the patients we jointly serve on behalf of our plan sponsor clients.

We are writing to inform you of a change in policy regarding pharmaceutical hub services (“hubs”). We have learned more about the innovative offerings hubs may provide to help manage prescription drug costs. You may partner with Blink to engage in activities for which Caremark’s authorization is required under the Provider Agreement or Provider Manual, (for example, Sections 3.03.01, 3.03(1)(B), 4.03(14), 4.12), provided such activities comply with applicable laws and regulations. As a result, your relationship with a hub will not be the basis for any audit finding or noncompliance with the provider manual.

We understand this guidance is different than what we provided previously. Please follow this direction going forward.

CVS backtracking on previous cease-and-desist letters, now allowing certain independent pharmacies to work with Blink Rx; CVS_HJC_00002411.

This change in posture toward independent pharmacy partnerships with Blink represents a significant departure from CVS Health’s previous stance on independent pharmacies working with hubs. CVS Health edited its provider manual and explicitly prohibited requests to work with Blink in the exact same way that is now permitted.²⁴⁰ CVS Health claims that between January and May of 2025, the company met with Blink to learn more about Blink’s business model.²⁴¹ After these meetings, CVS Health claims to have learned enough about Blink’s operations to conclude that there is minimal risk of fraud from allowing Blink to operate with independent pharmacies.²⁴²

Internal documents produced by CVS Health, however, do not support the narrative that CVS Health only recently came to understand Blink’s model. Since at least 2019, CVS Health knew enough about Blink to label the company a disruptive threat and began developing its own, in-house hub pharmacy.²⁴³ Between 2019 and 2021, CVS Health surveilled independent pharmacies that were thought to be working with Blink and some CVS Health retail locations even worked with Blink before 2021 to reduce costs for patients.²⁴⁴ In 2021, Blink attempted to become a CVS Health-certified software provider but was denied.²⁴⁵ Further, after CVS Health sent cease-and-desist letters to independent pharmacies, CVS Health demanded those pharmacies turn over business agreements between the independent pharmacy and Blink.²⁴⁶ By forcing the

²⁴⁰ CVS_HJC_00000785.

²⁴¹ Call between Committee staff and counsel for CVS (Oct. 21, 2025).

²⁴² *Id.*

²⁴³ See CVS Internal Documents Highlight Hub Pharmacies as a Competitive Threat, *supra* note 7.

²⁴⁴ See CVS Monitored Independent Pharmacies for Hub Activity, *supra* note 8.

²⁴⁵ CVS_HJC_00014166.

²⁴⁶ See CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *supra* note 10.

independent pharmacies to disclose highly sensitive operational information, CVS Health gained competitively sensitive information about Blink's business model.

Despite the existence of these clarification letters allowing certain independent pharmacies to work with Blink, the Committee is not aware of any long-term, contractual arrangement between CVS Health, Blink, or independent pharmacies. Consequently, CVS Health could reverse course in the future. The Committee is not aware of any similar notices allowing independent pharmacies to work with any of the numerous other hub pharmacy companies. CVS Health indicated that it has planned to modify its provider manual to allow independent pharmacies to work with hubs without restriction, but those changes have not yet materialized, and CVS Health is not restricted from reverting to more restrictive provider manual language in the future.²⁴⁷ In other words, there is nothing stopping CVS Health leadership from changing its mind and prohibiting independent pharmacies from working with Blink in the future and while certain business practices may be acceptable when partnered with Blink, those same practices may be forbidden with another hub.

V. CONCLUSION

Through its investigation, the Committee has uncovered evidence of anticompetitive actions taken by CVS Health to protect itself from competition. In 2019, CVS Health developed a plan to invest heavily in the digital pharmacy sector after facing intense competition from the likes of PillPack, Phil, and Blink.²⁴⁸ CVS Health saw online pharmacy services as the future and feared falling behind in the market if it did not develop its own hub pharmacy to compete against outside hubs like Blink.²⁴⁹ After surveilling competing rival hubs and investigating independent pharmacies that work with those hubs, CVS Health began taking aggressive action to eliminate any outside competition.²⁵⁰

In September 2024, the Subcommittee on the Administrative State, Regulatory Reform, and Antitrust held a hearing to learn more about the competitive environment of the PBM industry and witnesses testified that large PBMs are likely to have the market power to eliminate competition from nascent competitors before they can grow large enough to disrupt the market.²⁵¹ Shortly after its hearing, the Committee wrote to CVS Health demanding documents and information related to CVS Health's policies about independent pharmacies working with hubs.²⁵² CVS Health began producing documents and information responsive to the Committee's letter.

CVS Health's internal documents show a pattern of anticompetitive activity. CVS Health felt pressure from nascent competition in the marketplace. Instead of competing on the merits,

²⁴⁷ Call between Committee staff and counsel for CVS (Oct. 21, 2025).

²⁴⁸ See CVS Internal Documents Highlight Hub Pharmacies as a Competitive Threat, *supra* note 7.

²⁴⁹ *Id.*

²⁵⁰ See CVS Monitored Independent Pharmacies for Hub Activity, *supra* note 8; see also CVS Weaponized Audits and Cease-and-Desist Letters to Control Independent Pharmacies and Harm Rival Hubs, *supra* note 10.

²⁵¹ *The Role of Pharmacy Benefit Managers*, *supra* note 1.

²⁵² Letter from Hon. Jim Jordan, Chairman, H. Comm. on the Judiciary, and Hon. Thomas Massie, Chairman, Subcomm. on the Administrative State, Regulatory Reform, and Antitrust, to David Joyner, President and CEO, CVS Health (Dec. 12, 2024).

CVS Health leveraged its pharmacy network contracts in an attempt to eliminate competition. CVS Health learned how the hub model operated and then changed its network rules to stop independent pharmacies from working with hubs. CVS Health distributed cease-and-desist letters and appears to have terminated at least one pharmacy for not complying with its cease-and-desist letter. Faced with the Committee's investigation, CVS Health backed down and allowed independent pharmacies to work with hubs. It is possible that CVS Health's conduct violated the antitrust laws. CVS Health's own CEO characterized his company's actions best by writing: "[a]nother example of a large PBM not allowing the small guys to compete."²⁵³

There are several pieces of legislation pending in the House of Representatives to address concerns about the power that PBMs hold in the healthcare market. On December 17, 2025, House Republicans passed the Lower Health Care Premiums for All Americans Act, which would help address some of the concerns outlined in this report by requiring justification for why some high-cost pharmaceuticals are placed on formularies by PBMs.²⁵⁴ The Committee will continue to conduct oversight to inform these and other legislative reforms. American citizens deserve to have a competitive and consumer-oriented pharmacy market that prioritizes innovation, reduced costs, and improved efficiency.

²⁵³ CVS_HJC_00011094.

²⁵⁴ Lower Health Care Premiums for All Americans Act, H.R. 6703, 119th Cong. (2025).