

Testimony of David Joyner  
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United States Senate, Committee on Health, Education, Labor, and Pensions  
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Chairman Sanders, Ranking Member Cassidy, and members of the Committee, thank you for the opportunity to discuss our work to make health care more affordable, accessible, and ultimately, to improve health outcomes in our country.

Our goal is to remove as many drug pricing challenges as possible for our clients and their members. When people can afford their medications, like insulin, they are more likely to adhere to prescribed therapies. Adherence means better outcomes; better outcomes means the health care system will spend far less on complications and hospitalizations.

In order to make medications affordable, our job at CVS Caremark is to go head-to-head with drug manufacturers to negotiate the lowest possible prices.

The last two years have been challenging for millions of Americans as inflation surged and strained household budgets. A recent 2023 study by the IQVIA Institute examining drug costs, found over the last five years, list prices have increased at a rate of seven-point-four percent.<sup>1</sup> Over that same period the PBM industry helped clients hold increased spending to just four-and-a-half percent and kept member cost growth to just one-point-four percent.<sup>2</sup>

Specifically for CVS Caremark clients and for the sixth straight year, we have reduced patient costs at the pharmacy counter with an average member out-of-pocket cost below nine dollars for a 30-day supply of medication.<sup>3</sup>

Today, more than 90% of the prescriptions dispensed are generics and represent a little more than 18% of total spend.<sup>4</sup> And by using competition, generic prices have been deflationary over the last decade.

Securing affordability for the final 10% of name brand drugs is our focus. Competition in the branded marketplace is critical and we use this competition to create discounts for our customers. By negotiating rebates, or discounts, we lower drug costs for our clients and their members where competition exists. Not surprisingly, many drugs without competition are high list price medications without discounts and account for much of our clients' drug spending. We encourage the Committee to focus its efforts here and we support three of the four bills that the Committee will consider in its markup.

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<sup>1</sup> IQVIA, The Use of Medicines in the U.S. 2023, <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-use-of-medicines-in-the-us-2023>

<sup>2</sup> Ibid.

<sup>3</sup> CVS Health 2022 Drug Trend Report, <https://insightslp.cvshealth.com/download-the-2022-drug-trend-report.html>

<sup>4</sup> Association for Affordable Medicines, 2022 U.S. Generic and Biosimilar Medicines Savings Report, <https://accessiblemeds.org/resources/reports/2022-savings-report>

Drug manufacturers claim rebates are the reason for price increases. The facts show otherwise. Government study after government study has concluded that price increases are not the result of rebates or discounts.<sup>5</sup>

We understand there are questions about the level of transparency we provide to clients. The trust of our clients is critically important to us, and trust is built on this transparency.

Transparency starts at the beginning of our client contracting process and is a cornerstone of our approach throughout. Using sophisticated 3<sup>rd</sup> party consultants, clients negotiate transparent contracts in granular detail and understand how their health care dollars are spent. We have always prioritized bringing transparent offerings to the marketplace and today we pass more than 98% of all rebates back to our clients. We provide regular, detailed updates on drug spending and utilization; prescription claims processed; cost savings achieved; and manufacturer rebates received.

Our clients choose how to use those rebates, including reducing out-of-pocket costs at the point-of-sale and to lower overall premiums.

I began by highlighting the importance of adherence in reducing complications and hospitalizations. That is why we create and maintain preventive drug lists. This allows any client to offer members zero-dollar copays, including for insulin to treat diabetes and other medications for many other chronic conditions, outside of the deductible. At CVS Health, we use this program to help 200,000 of our employees stay healthy.

We've made tremendous progress on insulin affordability through negotiation, inducing competition and encouraging clients to adopt plan designs that lower out-of-pocket costs.

We've reduced insulin costs an average of seven percent per year for the past five years. Clients and plan members paid one third less on average for a 30-day supply of insulin in 2022 than they did in 2017. At CVS Caremark, the average member cost share for a 30-day supply of insulin was less than 25 dollars.<sup>6</sup>

We also launched ReducedRx, a program for the uninsured and underinsured patients with high out-of-pocket costs, providing insulin at \$25 per vial.

We proudly provide pharmacy benefits for over 110 million people, improving their health every day. And we will continue to improve and innovate our model, and help clients provide affordable coverage of the medications their members need to stay healthy.

I look forward to answering your questions.

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<sup>5</sup> U.S. Department of Health and Human Services Office of Inspector General, Rebates for Brand Name Drugs in Part D Substantially Reduced the Growth in Spending from 2011 to 2015, <https://oig.hhs.gov/oei/reports/oei-03-19-00010.asp>

<sup>6</sup> Internal CVS Caremark book of business data, 2017-2022