

Testimony of David Joyner
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Chairman Comer, Ranking Member Raskin, members of the Committee, I'm David Joyner, President of CVS Caremark.

I'm here to provide you with the facts about what we do at Caremark: bring down the cost of prescription drugs for millions of Americans.

We've successfully converted 90% of prescriptions to generics, driving them to historic lows. That means patients covered by Caremark plans only pay an average out-of-pocket cost of less than \$8 for a 30-day supply of medication. And we did the same for brand name drugs — from 2017 to 2022, our proven tools and strategies drove down the net cost of brand name drugs by 15%.

Despite these successes, brand products with little or no competition remain the chief source of rising drug costs, spurred by their high list prices. Last year, a new-to-market drug carried a median annual price of \$300,000. And Humira, Ozempic, and Stelara alone cost more than every generic drug we covered, **combined**.

Humira perfectly illustrates the challenge. Introduced in 2002, it was to lose patent protection in 2016. But — thanks to a strategy of patent manipulation, AbbVie blocked any competition. It was the single most expensive drug for our customers and their members.

We knew we were uniquely positioned to promote the adoption of biosimilars, to deliver lower costs at the pharmacy counter and to get these drugs to the people who need them.

So, in April, we *dropped* Humira from our major formularies, covering *only* biosimilars. Today, members are paying lower costs, in most cases \$0 dollar out of pocket. And employers, unions, and health plans have realized *over half a billion dollars* in savings.

That's the impact we're having with one drug. Now, across the more than 70,000 drugs we cover, we are leading the industry and our clients — prioritizing products with low list prices while maximizing savings for employers.

Let me be clear. We do not contribute to rising list prices—a fact confirmed by multiple, quantitative independent studies.

Hampering our ability to negotiate lower drug costs only benefits the pharmaceutical manufacturers. The drug manufacturers who testified on Capitol Hill said they would not

lower list prices if rebates were eliminated. It would only remove an essential tool in our ability to deliver lower cost medications.

There is always room for improvement. I returned to CVS Caremark last year to evolve our PBM — by increasing transparency and accountability.

We have made major changes that benefit employers, labor unions, public health plans, Medicaid and Medicare – and the pharmacies that we work with.

The way drugs are priced and reimbursed today is not transparent enough for patients, pharmacies, or plans. That is why we built TrueCost, a transparent, cost-plus model for every drug we cover. We show our clients how much we pay and reimburse for every single drug, for every pharmacy in our network.

For pharmacies, including more than 27,000 independent pharmacies nationwide making up 40% of our network, reimbursement will be in line with the price they pay to acquire each drug, and provide additional dispensing and administrative fees to cover their services to patients.

Independent pharmacies are vital to our work. We reimburse them at a higher rate than we do CVS-owned pharmacies, as much as 25% higher for generics. We also have a network of 700 rural pharmacies with even higher reimbursement; 90 of which were added in the last year alone.

Despite our work, danger lies ahead for the American health care system: the price of GLP-1 drugs. Between skyrocketing demand and price hikes, the costs are overwhelming. Ozempic, Mounjaro and Wegovy drove more than two-thirds of increased costs for CVS Caremark customers in 2023.

If every adult with obesity received a GLP-1 prescription, costs would surpass \$1.2 trillion annually – more than America currently spends on all drugs.

We will continue to do what we do best: use the power of competition to make these medications available at lower cost to the people who need them.

It is our job to provide affordable access to important, life-saving medications that improve the quality of life for millions of Americans. We enable employers, unions, and state health plans to take care of their people. And when drug manufacturers want to charge them too much, we are there to rein them in.

Thank You.