

# JLCB HEARING ON MONDAY 9/28 TO DECIDE QUESTIONABLE “EMERGENCY” 2021 STATE GROUP BENEFITS CONTRACT PUSHED BY CVS CAREMARK

*CVS Unwilling to Commit to State Laws “Unless Applicable”; State Officials Fear the Worst if Not Signed; 250,000 Louisianans Affected by Contract’s Vague Terms*

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*Randal Johnson, CEO  
Louisiana Independent  
Pharmacy Association*

[Legislative Committee on the Budget](#) (JLCB) will meet this Monday, September 28th at 1 p.m. to decide on a controversial new “emergency” contract being pushed by CVS Caremark that would oust competitor MedImpact a year early while leaving more than 4 million Louisianans at risk of losing access to their local independent pharmacies.

The [Office of Group Benefits](#) (OGB) and the Department of Administration (DOA), OGB’s overseer, met with legislators, pharmacy benefit managers (PBMs), and pharmacy

representatives last week to discuss contract details, a move that created further confusion as CVS representatives dodged attempts to better define the new contract’s vague terms and refused to commit to following existing state laws “unless applicable”.

Hit hard by the COVID-19 pandemic, the state is looking for solutions to bridge budget shortfalls. The annual nearly \$500 million proposed CVS contract originally came with the promise of an estimated \$130 million in drug spending through the State Employee Health Plan, though the promised savings have since been reduced to \$113 million. The \$500 million/one-half billion is meant to cover drug costs incurred by state employees and retirees and would normally be paid to local pharmacies responsible for dispensing state employee plan participants. Under the new contract, most of the \$500 million would be paid to PBM-owned pharmacies outside of Louisiana and would cause many local independent pharmacies to close.

“The state appears focused on promised savings with little or no regard for how those savings would be achieved and who would be driven out of business as a result,” said [Louisiana](#)

[Independent Pharmacies Association](#) CEO Randal Johnson. "With the proposed emergency contract being one-year and the state already expressing its desire to enter into a regular contract with CVS for up to five years, we are looking at as many as 6 years of added struggle for local pharmacies who seek nothing more than the opportunity to serve patients on a fair and level playing field."

The state's current contract is held by MedImpact and is valid for one more year. MedImpact has declared itself willing to negotiate the existing contract to better meet the state's needs but OGB appears to have declined that offer.

Declaring the situation an "emergency" the OGB and CVS began negotiations that, in the face of questions and push back from concerned stakeholders, is leaving many state officials and stakeholders concerned that CVS will revert to bullying tactics in an attempt to get the contract signed. Once signed, stakeholders fear CVS will create "workarounds" to state laws and the flimsy, difficult-to-enforce provisions in the contract up for decision on Monday.

"To date, CVS Caremark has refused to pay sales tax and the 10-cent provider fee on many prescription drugs dispensed in Louisiana," Johnson said. "Our local governments depend on those taxes to pay local employees including police and fire departments. The Department of Health uses the provider fees to draw down the federal funds, of which CVS Caremark is already a substantial beneficiary. If CVS can get away with this type of double-dipping - receiving federal funding while avoiding paying its due and fair share of local taxes, what else will they get away under this new, extremely troubling contract?"

CVS Caremark, a division of CVS Health, owner of CVS retail pharmacies, is one of the "Big 3" PBMs. CVS and its fellow PBMs have come under intense scrutiny over the last few years as reports have surfaced of exorbitant spread pricing in state Medicaid programs; keeping drug maker rebates instead of passing the savings on to consumers, and engaging in anti-competitive tactics including self-dealing and steering patients to PBM-owned/affiliated pharmacies. To date, the PBM industry is generating revenues near \$500 billion - roughly one-half trillion dollars - which is more than the operating budgets of the U.S. Departments of Education and Housing and Urban Development combined.

Local independent pharmacists and patients will gather at the State Capitol ahead of the hearing to protest the proposed contract in a responsible, socially-distanced manner. For more information about the hearing or the protest, contact Randal Johnson at (225) 921-1704.

About LIPA and Its Members:

Independent pharmacies are the locally-owned, hometown small business drug stores that offer a variety of niche services and personalized care.. As the most trusted, accessible medication experts, independent pharmacists play a critical role in Louisiana's health care delivery system.

With a strong foundation in their communities, independent pharmacists lead grassroots public health, civic, and volunteer initiatives and are a vital community health resource. Since 2001, The Louisiana Independent Pharmacies Association (LIPA) has worked to promote and advance the pharmacy community by providing services that benefit its member independent pharmacies. For more information about Louisiana's independently owned community pharmacies or LIPA, visit [LIPAnow.org](http://LIPAnow.org).

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