

United States Senate

COMMITTEES:
COMMERCE, SCIENCE, AND TRANSPORTATION
FINANCE
JOINT ECONOMIC
JUDICIARY
VETERANS' AFFAIRS

December 15, 2025

VIA ELECTRONIC TRANSMISSION

Mr. David Joyner
President and Chief Executive Officer
CVS Health
1 CVS Drive
Woonsocket, Rhode Island 02895

Dear Mr. Joyner,

As deliberation continues on the expiring Enhanced Advance Premium Tax Credits (eAPTCs), it is critical we draw attention to a key driver of rising healthcare costs across all types of American patients: pharmacy benefit managers (PBMs) such as CVS Caremark. CVS already announced that Aetna Insurance will leave the ACA Marketplaces at the end of this year, coinciding with the expiration of the Biden Bonus payments.

For the 2026 plan year, the largest Tennessee carriers will increase rates by 30 to 42 percentage points.¹ Benchmark rate filings revealed that the expiration of the Biden Bonus payments account for just four percent of average premium increases next year, leaving a massive portion of that premium increase unaccounted for in the conversation.² As expiring federal subsidies account for only a small portion of healthcare premium increases, Congress must consider why healthcare costs have really become unaffordable.

President Trump has, rightfully, called for ending the massive taxpayer subsidization of big health insurance companies. CVS is the largest, most vertically integrated company in healthcare, and the federal government has quickly become CVS's largest funder. CVS Health, the fifth-largest company in the United States by revenue,³ owns the second-largest pharmacy benefit manager (Caremark), the largest retail pharmacy chain (CVS), and the third-largest health insurer (Aetna), as well as other subsidiaries that extend into drug manufacturing and rebate aggregation.⁴ This vertical integration has not led to lower drug prices, but rather consolidated

¹HealthCare.gov, Rate Review for 2026 ACA-Compliant Products in Tennessee, <https://ratereview.healthcare.gov/#urresults?U2FsdGVkX1%2BNyir5q%2BigXby%2BBN1m2fn4awVgMFva4v7dBGz%2FEZiCf2LmMY2IXP%2F3%2FOgyqgvooszu6h4VcIMOsPAsJI%2BwSpyOLMxzcz%2BKw4%3D>.

² Matt McGough, Jared Ortaliza, Lynne Cotter, and Cynthia Cox, *Early indications of the impact of the enhanced premium tax credit expiration on 2026 Marketplace premiums*, Kaiser Family Foundation (June 3, 2025), <https://www.healthsystemtracker.org/brief/early-indications-of-the-impact-of-the-enhanced-premium-tax-credit-expiration-on-2026-marketplace-premiums/>.

³ Fortune. *The Fortune 500 List for 2025*. <https://fortune.com/ranking/fortune500/>.

⁴ CVS Health, Inc. *Annual Report for 2024, Form 10-K filed with the U.S. Securities and Exchange Commission, Exh. 21.1*. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000064803/69ae70d3-3fe0-44a0-b601-f21026f8a49a.pdf>.

power that has enabled a lengthy record of fraud, overbilling, unsafe practices, and regulatory violations across the company, all subsidized by significant taxpayer funding.

CVS itself acknowledges that programs funded by the U.S. federal government account for a “significant” and growing share of its revenues. Over the last three years, taxpayers have supplied more than \$216 billion in direct revenues to CVS, and that doesn’t include preferential federal, state, and local tax treatments, government loans, or other subsidies, including the rapidly increasing ACA subsidies for health plans that CVS has received through its Aetna Insurance over the past few years.⁵ In 2024 alone, the federal government spent approximately \$89.48 billion directly on CVS, up from \$69 billion in 2023 and \$58 billion in 2022.⁶ From 2022-2024, government spending drove more than 60% of CVS’s revenue growth.⁷

“Programs funded in whole or in part by the U.S. federal government account for a significant portion of our revenues, and we expect that percentage to increase.” – CVS Health, 2024 Annual Report.⁸

As one of the largest PBMs in the United States, CVS Caremark wields extraordinary control over which drugs are covered and where patients can fill prescriptions, whether those patients are insured by Aetna or by other plans. The Federal Trade Commission (FTC) has accused Caremark of inflating insulin prices by excluding cheaper competitors, while state attorneys general have sued over reimbursement schemes that underpay independent pharmacies. By steering patients toward CVS-owned pharmacies, CVS drives up costs and eliminates competition, undermining widely bipartisan goals of increasing transparency and reducing middlemen-driven price inflation in the prescription drug market.

CVS retains the power to under-reimburse independent and community pharmacies while giving preferential treatment to the more than 9,000 CVS-owned pharmacies. As CVS has consolidated market power, it has given itself the ability to weaken competition and leave community pharmacies, insurers, and patients with no real alternatives to sustain themselves. As CVS itself notes, its market power is so much greater than that of its clients that losing U.S. federal government contracts is the only thing that could impact its operations.

“The U.S. federal government is a significant customer of the Health Care Benefits segment through contracts with CMS for coverage of Medicare-eligible individuals and federal employee-related benefit programs. Other than the contracts with CMS, the Health Care Benefits segment is not dependent upon a single customer or a few customers the loss of which would have a significant effect on the earnings of the segment. The loss of business from any one or a few independent brokers or agents would not have a material adverse effect on the earnings of the Health Care Benefits segment.” – CVS Annual Report 2024.⁹

⁵ CVS Health Corporation, *Annual Report for 2024*, https://s206.q4cdn.com/752775519/files/doc_financials/2024/ar/CVS-Health-2024-Annual-Report.pdf.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

If the American patient experience is to become better and more cost effective, we must rein in massive federal spending on deeply fraudulent and wasteful PBMs like CVS Caremark. An already broken Obamacare system, which in its infancy showed mass unaffordability for those enrolled, has inflated spending on unnecessary and underutilized services while the American taxpayer has been left to subsidize the cost. CVS happily took in Biden Bonus payments this year, while planning to have Aetna Insurance exit the ACA marketplace just as those bonus subsidies are set to expire at the end of 2025. Meanwhile, CVS's stock has soared over 70% in 2025 alone.

It appears clear that CVS does not want its role in rising healthcare costs to be examined by lawmakers. Just this year, the Tennessee Department of Commerce and Insurance attempted to audit CVS Caremark for its compliance with Tennessee law and its dealings with pharmacies that serve Tennessee residents. Despite having the requested information available and despite requirements in Tennessee law that the information be provided to state auditors, Caremark instead spent months delaying and concealing the requested information. This eventually resulted in three separate orders against Caremark, each levying \$250,000 in fines for failure to provide auditors with information to review Caremark's dealings.¹⁰

CVS's violations are not confined to Tennessee. In total, publicly available trackers suggest that CVS has recently incurred more than \$6 billion in fines, penalties, and settlements related to allegations of misconduct.¹¹ For example, this summer a federal judge ordered one of CVS's subsidiaries, Omnicare, to pay over \$948 million¹² for fraudulently billing the federal government more than three million times for invalid drug prescriptions. In a pair of cases in August, CVS incurred more than \$300 million in fines and penalties for defrauding Medicare in Pennsylvania¹³ and Medicaid in Massachusetts.¹⁴ These were followed by another \$32 million

¹⁰ See, Tennessee Department of Commerce and Insurance, Consent Orders against Caremark, LLC, Caremark PCS Health, LLC, and Caremark PHC, LLC (Sept. 23, 2025),

<https://www.tn.gov/content/dam/tn/commerce/documents/insurance/pbm-audit-actions/CaremarkPHCLLCConsentOrder09232025.pdf>;

<https://www.tn.gov/content/dam/tn/commerce/documents/insurance/pbm-audit-actions/CaremarkPCSHealthLLCConsentOrder09232025.pdf>;

<https://www.tn.gov/content/dam/tn/commerce/documents/insurance/pbm-audit-actions/CaremarkLLCConsentOrder09232025.pdf>.

¹¹ See, e.g., CVSSwatch, <http://www.cvsswatch.org>; Good Jobs First *Violation Tracker*, <https://violationtracker.goodjobsfirst.org/parent/cvs-health>.

¹² Reuters, *Judge orders CVS' Omnicare unit to pay \$949 million over invalid prescriptions* (July 8, 2025), <https://www.reuters.com/legal/government/judge-orders-cvs-omnicare-unit-pay-949-million-over-invalid-prescriptions-2025-07-08/>.

¹³ Rebecca Pifer, *CVS Caremark fined \$290M for Medicare fraud*, HealthCareDive (Aug. 20, 2025), <https://www.healthcaredive.com/news/cvs-caremark-medicare-fraud-fine/758161/>.

¹⁴ Office of the Massachusetts Attorney General, *AG Campbell Secures \$12.25 Million Settlement With CVS For Failure To Comply With MassHealth Prescription Drug Pricing Regulations* (Aug. 27, 2025), <https://www.mass.gov/news/ag-campbell-secures-1225-million-settlement-with-cvs-for-failure-to-comply-with-masshealth-prescription-drug-pricing-regulations>.

settlement in September for Caremark's defrauding of Oklahoma's state employee health plan.¹⁵ These are just a small sample of related cases involving CVS.

Republicans will continue our work to lower the cost of healthcare for all Americans, not just the 24 million enrolled in the ACA marketplace. I would encourage CVS to evaluate the aforementioned statements included in your own Annual Report and reflect on its contribution to the drastic premium increases we are seeing this year in particular. Kindly respond to the following questions before January 2, 2025:

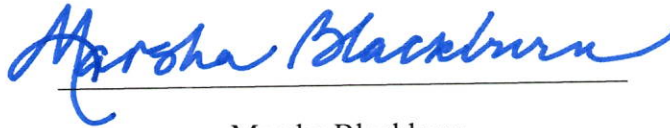
1. Rate filings revealed that the expiration of the eAPTCs accounts for just four percent of average premium increases next year.¹⁶
 - As the fifth-largest company in the United States, with subsidiaries that include one of the largest PBMs and the third-largest health insurer, can you explain where you attribute those premium increases?
2. In 2024 alone, federal dollars accounted for 24% of CVS's total revenue, about \$89.48 billion, up from 18% in 2022. From 2022-2024, federal spending drove more than 60% of CVS's revenue growth. In your own 2024 Annual Report it states, "Programs funded in whole or in part by the U.S. federal government account for a significant portion of our revenues, and we expect that percentage to increase."
 - As you project a likely increase in government funding, what percentage of revenue can be attributed to CVS Caremark specifically?
3. A recent audit by the Tennessee Department of Commerce and Insurance (TCDI) found that CVS Caremark failed to follow Tennessee law or allow state auditors to review allegations that Caremark did not properly disclose and update its Maximum Allowable Cost (MAC) pricing lists, did not comply with required audit and appeal procedures, showed preferential network treatment toward its affiliated pharmacies, and continued noncompliant practices even after prior state warnings. While TCDI successfully imposed \$750,000 in maximum allowable penalties across three separate orders, our independent pharmacies continue to express that CVS Caremark, alongside other large PBMs, are failing to provide fair reimbursement in favor of driving patients to their own pharmacies.
 - The audit conducted by TCDI, in addition to the ongoing investigation by the Federal Trade Commission (FTC) into unfair PBM practices, has shed light on the predatory behavior by CVS Caremark to drive small independent pharmacies out of business. Please outline all revisions CVS Caremark implemented in response to the TCDI audit and ongoing FTC investigation.

¹⁵ Office of the Oklahoma Attorney General, *Drummond secures \$32M in settlement with CVS Caremark* (Sept. 9, 2025), <https://oklahoma.gov/oag/news/newsroom/2025/september/drummond-secures-32m-in-settlement-with-cvs-caremark.html>.

¹⁶ Matt McGough, Jared Ortaliza, Lynne Cotter, and Cynthia Cox, *Early indications of the impact of the enhanced premium tax credit expiration on 2026 Marketplace premiums*, Kaiser Family Foundation (June 3, 2025), <https://www.healthsystemtracker.org/brief/early-indications-of-the-impact-of-the-enhanced-premium-tax-credit-expiration-on-2026-marketplace-premiums/>.

4. Public misconduct tracking groups have identified over \$6 billion in fines, penalties, fees, and settlements related to misconduct by CVS Health and its subsidiaries over the past few years. A recent post online by one of your own data analysts claims that CVS was subject to 103 separate fines from 2020-2024. CVS is a significant recipient of federal funding, yet the full scope of CVS's misconduct that is enabled by those taxpayer funds is difficult to ascertain. Please provide a complete list of all fines, penalties or fees levied against CVS and all settlements agreed to by CVS related to allegations of waste, fraud, abuse, or other misconduct since 2015.

Sincerely,



Marsha Blackburn
United States Senator