

October 31, 2025

Submitted via Email: HPC-Testimony@mass.gov

Lois Johnson, General Counsel
Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Re: HPC 2025 Cost Trends Hearing,
Caremark Pre-Filed Testimony

Dear Ms. Johnson:

Attached please find responses to the pre-filed testimony questions on behalf of CVS Caremark.

Under the penalties of pain and perjury, I verify that to the best of my knowledge and belief this testimony is true and correct.

Sincerely,

A handwritten signature in cursive script, appearing to read "Melissa Schulman".

Melissa Schulman
Senior Vice President
Government and Public Affairs

2025 Pre-Filed Testimony



As part of the
*Annual Health Care
Cost Trends Hearing*

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2025 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission. All submissions are public record and will be posted to the [HPC's website](#).

If you have any difficulty with the template or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC General Counsel Lois Johnson at HPC-Testimony@mass.gov or Lois.Johnson@mass.gov.

THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging the stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from \$849 in 2019 to \$1,049 in 2023 (a 29% increase), and residents paying \$5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the [Health Care Cost Growth Benchmark](#) and the status of public and industry-led health care policy reform efforts.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

1. In recent years, prescription drugs have been a key driver of spending growth in the Commonwealth, consistently growing at a faster rate than the state's health care cost growth benchmark, and contributing to challenges related to health care affordability, medication access, and health disparities among Massachusetts residents.
 - a. What policies or strategies does your organization recommend (e.g., by policymakers and by other market participants such as pharmaceutical manufacturers, health plans, and providers) to provide greater transparency and address the growing cost of prescription drugs in Massachusetts, balancing patient access to needed medications and therapies with the imperative to offer affordable coverage for employers and residents?

Policies designed to promote innovation and competition can improve patient adherence, better outcomes, and lower overall health care costs. CVS Caremark's negotiations with drug manufacturers are designed to foster competition between manufacturers and reduce the cost of medications for the clients and consumers we serve, including employers, unions, and health plans.

We are committed to transparency and are leading our industry by introducing TrueCost to reshape the future of drug pricing. TrueCost is a transparent, cost-based model showing clients the amount we pay and reimburse for every drug. It is more transparent for clients and more predictable for members. In just the first six months, for those clients who have adopted this model, we have seen increased prescription pickup rates and more stable pricing at the pharmacy counter. TrueCost not only improves transparency but also access and affordability.

Additionally, we believe transparency for plan sponsors is essential and that providing clients with the reports, dashboards and insights they need to make the best decisions on how to spend their health care dollars is critical. We provide regular, detailed updates on spend, utilization, claims and rebates to help our plan sponsor clients understand where their health care dollars are going.

At CVS Health, we are helping to address the high cost of prescription drugs by increasing drug pricing transparency for patients, prescribers and pharmacists. For example, CVS Health's real-time benefits program is helping patients with CVS Caremark pharmacy benefit management coverage access the lowest cost drug. Since its launch in late 2017, the program has helped lower out-of-pocket costs and improve affordability for patients. Real-time benefits give prescribers visibility into member-specific formulary and plan design information via their electronic health record (EHR) at the point-of-prescribing. For example, when prescribers write electronic prescriptions for their patients, they can see the cost of the drug they are prescribing and have the opportunity to switch to a different, lower-cost option. This information includes member-specific out-of-pocket costs for a selected drug, along with up to five lowest-cost, clinically appropriate alternatives based

on the patient's formulary. Prescribers also have visibility to requirements, such as prior authorization or step therapy, enabling them to proactively submit an electronic prior authorization request and in most cases, receive a near real-time decision. In addition, patients with CVS Caremark coverage may access information on lower-cost alternatives using the "Price a Drug" tool available through their online member portal and the CVS Health digital app. Members have access to information on the cost of brand name drugs, generics, or covered therapeutic alternatives. They also have the ability to compare drug costs at different in-network pharmacies or through home delivery.

In addition to implementing these programs to increase transparency and lower cost, we also believe in common sense, market-oriented reforms that promote competition. Many of these policies impacting competition in the market rest at the federal level. We support reforms of the patent system to address abuses by the pharmaceutical industry. These actions are a root cause of high prescription drug prices because it enables manufacturers to repeatedly hike prices on existing drugs and set high launch prices on new medications. We also support state efforts to promote transparency that benefits patients, employers, unions, health plans, physicians, and policymakers. In addition to the requirement that pharmacy benefit managers (PBMs) submit new data to the Center for Health Information and Analysis (CHIA) under Chapter 342 of the Acts of 2024, we support reporting by pharmaceutical manufacturers sufficient to achieve cost-effectiveness research and analysis, as well reporting that would bring to light how drug list prices are established by manufacturers. Finally, it is important to note that we caution against state-level policies that may inadvertently reduce competition or limit the flexibility of employers, unions, health plans to design their prescription drug benefit in a way that best suites the needs of their members.

- b. Biologic drugs represent a large and growing share of prescription drug spending in Massachusetts. The introduction of biosimilars has the potential to lower spending and increase access to these medications. Please describe your approach to incorporating biosimilars on your formularies in Massachusetts. In addition, please identify the biosimilar products marketed by your affiliated private labeler and discuss how your private label products are incorporated on your formularies in Massachusetts. What barriers limit biosimilar uptake, and what state policies would you recommend to bolster biosimilar uptake and reduce spending?

CVS Health is uniquely positioned to drive the adoption of biosimilars, deliver lower costs at the pharmacy counter and get these drugs to the people who need them. Last year CVS Caremark dropped Humira (brand) from our major template formularies, instead covering (and preferring) biosimilar versions, resulting in a thriving marketplace. Since making these changes, members are paying lower costs, in most cases \$0 out-of-pocket cost, and customers have realized over \$1B in savings compared to the original brand product.

CVS Health launched Cordavis—our in-house biosimilars manufacturer—because we saw an opportunity to bring more competition to the marketplace to lower prices, beginning with Hyrimoz, our biosimilar for Humira. We deliver low-list price, low-rebate biosimilars at scale. From launch until today, 97% of Humira scripts were filled with a preferred biosimilar and offered at a low (or \$0) out-of-pocket cost depending on client choices for their plan benefit designs. Cordavis has just recently launched Pyzchiva (ustekinumab-ttwe), a biosimilar for Stelara (Ustekinumab), which has just lost its patent exclusivity in the United States in anticipation of achieving similar savings for patients while expanding their access to this drug.

Regarding lowering barriers to biosimilar access and use, CVS Caremark has long supported changes to federal regulations that would foster widespread use of biosimilars from their reference (brand) biologics, including elimination of the higher “interchangeability” standard that is not required in any other country. We also urge state and federal regulators to maintain plan/benefit design flexibility for plan sponsors to work with their PBMs to determine the best path forward to achieving those goals. Clients—not CVS Caremark—make network, formulary and plan design decisions. Flexibility in offerings is important to promote competition and innovation among PBMs for business and allowing clients to decide how best to tailor their plans for members.

2. Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out of pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

CVS Health is ubiquitous in communities across Massachusetts, serving millions of its residents and employing nearly 13,000 colleagues. We are the trusted pharmacy across the Commonwealth with roughly 390 retail pharmacies where we are often the most frequent interaction patients have with healthcare. This past year, we continued our long-term support of affordable housing, investing another \$10.1 million, and by the end of this year we are on target to have invested more than \$40M over the past 5 years. We’re proud to have further invested in the state with more than \$3.6 million in charitable giving and grants from the CVS Health Foundation and have provided over 2,500 free health screenings to communities through our Project Health initiative.

CVS Caremark also provides unmatched prescription coverage in Massachusetts, providing access to millions of patients in the Commonwealth. In 2024, CVS Caremark

supported nearly 31.5 million prescription fills in Massachusetts, dispensed from a network of 951 pharmacy partners which includes more than 200 independent pharmacies. Caremark also supported more than 50,000 Massachusetts residents' access their specialty medications, which are high-cost, complex medications for serious, chronic conditions, and dispensed nearly 360,000 prescriptions from CVS specialty pharmacies.

As part of our ongoing efforts to lower the cost of care for patients, CVS Health recently announced our support for simpler access to more affordable fertility treatments through CVS Specialty Pharmacy and efforts to make it easier to pick up fertility medication at our community pharmacy locations. CVS Specialty Pharmacy will participate in the TrumpRx Fertility program, partnering with EMD Serono, manufacturer of Gonal-F, an in-vitro fertilization (IVF) drug, to bring the price of the medicine down by 84%. This is just one example of how CVS Health is expanding affordability for customers by leveraging our strengths in pharmacy and improving access through multiple delivery channels in healthcare.

CVS Health's integrated model creates significant value for the Commonwealth, and we are happy to participate in policy discussions focused on reducing health care costs. As a PBM, this is what CVS Caremark is hired to do. Our services are used by businesses, big and small, health plans, unions, and government entities – including many right here in Massachusetts – to negotiate down the cost of drugs in their benefits plans. Our purpose is to make medicine affordable and accessible: creating competition between drug manufacturers, prioritizing lower-cost generics over brand drugs where appropriate, and building care programs that treat the whole person. With brand drugs disproportionately impacting drug spend due to the high list prices set by manufacturers, CVS Caremark remains committed to working with our clients and policymakers to continue to address these costs in order to ensure affordable access to important, life-saving medications that improve the quality of life for residents of the Commonwealth.