



October 30, 2025

SUBMITTED ELECTRONICALLY VIA: HPC-Testimony@mass.gov

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

Dear Chair Devaux, Attorney General Campbell, Distinguished Health Policy Commission Members and Advisory Council,

On behalf of Navitus Health Solutions, thank you for your outreach seeking written testimony in advance of the 2026 Health Care Cost Trends Hearing, *Working Together to Safeguard the Commonwealth's Commitment to Health Care Affordability, Access, and Equity* scheduled for November 12, 2025. As a transparent and pass-through pharmacy benefit manager (PBM), we applaud the proactive and thoughtful discussion.

By way of background, Navitus is a transparent, pass-through PBM formed over two decades ago as an alternative to the traditional PBM model. Today, Navitus is co-owned by SSM Health Care Corporation - a not-for-profit Catholic health system - and Costco Wholesale. We serve more than 18 million lives across all 50 states through a range of health plan products, including commercial/employer, individual, small group, Exchange, Medicare, and Medicaid plans.

Navitus' mission, which we live by every day, reads:

We make medications more affordable for the people who need them, so they can live their lives more fully.

The term pass-through means that we pass through to our clients the payments that we receive from drug manufacturers and/or the group purchasing organization, with whom we participate as a nonowner. The point is that we view it as our clients' money and return these savings directly to them. We also pass-through to our clients all the discounts that we negotiate with pharmacies and any other amounts that Navitus may receive from pharmacies. However, we do not assess DIR fees. We believe that this ensures that there is no conflict of interest or confusion about who we are working for and reinforces our commitment to serving the interests of our clients. Navitus is always working on behalf of our clients and their members. We charge our clients a reasonable, fully disclosed administrative fee - usually on a disclosed per member per month basis. We are independently audited annually to ensure that we are fulfilling our promise. In addition to audit rights, our clients have access to a portal that allows real-time visibility of claims payments and other transactions impacting their plan. This enables us to partner with our clients to achieve positive results.

Navitus believes that it is critical for benefit plan sponsors to have all relevant information so that they can make good decisions related to the plans. As a transparent PBM, we provide our clients with information about amounts that we receive from drug manufacturers and the discounts we receive from pharmacies, so that they have all the relevant information that they may need when making decisions about the benefits that they provide and the costs that they pay. Further, plan sponsors are able to evaluate whether they are getting value for their significant benefit spend once they have contracted with us. Finally, access to their data enables plan sponsors to compare and contrast among competitors in the industry. They are able to evaluate incentives and alignment of PBMs, pharmacies, etc. with their goals as fiduciaries and plan sponsors.

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?**

Navitus recommends transparency in service model, affiliations, compensation, and performance. We believe that the plan sponsor should know what they are purchasing and be able to assess the value of what they have contracted.

As a PBM, we do not have visibility into the acquisition costs of pharmacies from their wholesalers. We must rely upon what is negotiated with the pharmacy or the Pharmacy Services Administrative Organization (PSAO), representing pharmacies, concerning reimbursement. Often times the PSAO is actually owned by the wholesaler (as shown in the Drug Supply Chain Chart attached). It is unfortunate that some pharmacies are compensating the wholesalers twice (once to buy the pharmaceuticals and twice to negotiate on their behalf) and then be subject to contract terms with PBMs that are unfavorable. Particularly since, in many instances, the owners of the PSAOs would have access to the acquisition costs for the pharmacies. Further, pharmacists are often locked into agreements that disincentivize them from looking to other wholesalers who may have a better price, since the pharmacy would lose out of rebates of their own or is prohibited by contract.

Navitus believes that greater transparency in the entire drug supply chain - relationships between wholesalers, PSAOs, and pharmacies - would be extremely helpful. Additional transparency for pharmacies could go a long way in assisting them in purchasing at competitive prices and effective negotiation with PBMs for rates of reimbursement.

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- 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?**

More than 10 years ago, our clients expressed concerns about their spend on specialty medications. These are medications treating approximately 2% of the population suffering from chronic, life threatening, and/or complicated conditions. Although the number of people is relatively small, this population accounts for nearly 60% of the pharmaceutical spend for a plan. Similar to the traditional PBM model, the specialty pharmacy business model lacks transparency. Our clients asked us, as a partner, to help add transparency, lower costs, and improve the quality of care.

In response to this, we created Lumicera. Similar to the Navitus PBM model, Lumicera is a true cost plus. In a typical specialty pharmacy model, the pharmacy is paid on a percentage basis for each prescription dispensed. This percentage can range from 6 to 15 percent, which can amount to substantial additional cost due to the high acquisition price of specialty medications. More importantly, discourage utilization of lower cost generic and biosimilar products.

In contrast, Lumicera's transparent, 100% pass-through business model operates by charging clients the actual drug acquisition cost, cost of shipping, and a fixed patient management fee to cover dispensing and patient care, based on the handling and clinical counseling needs of the drug and its disease state. Lumicera does not benefit from the cost of the drug, so the focus is solely on patient care. All fees are disclosed, and clients have the ability to view the actual invoice purchasing the specialty drug. Navitus discloses its relationship with Lumicera and doesn't require our clients to utilize Lumicera. Nor do we penalize them if they choose to utilize a different specialty pharmacy. We believe the outstanding service of nearly 84.2% NPS score, average of 93% adherence and overall improvement of health outcomes for more than 40,000 patients speaks for itself.

Less than 50% of Lumicera's revenue is derived from Navitus clients and members. Other like-minded PBMs, and even health care systems and providers, recognize the quality of care permitted when an organization focuses on the patient's needs rather than viewing them as a source of revenue to be maximized. This model encourages utilization of generics and biosimilars as a safe alternative when more economical.

Our approach is that of every biologic drug that has a biosimilar available; Navitus adds the biosimilar to its list and removes the original brand-name product. We prefer biosimilars with lower list prices because they usually save members money, especially for those with coinsurance or high-deductible plans. Since we're a fully transparent, pass through PBM, we don't earn more from higher-priced drugs with big rebates.

Pharmaceutical companies often treat biosimilars like branded drugs -giving them trade names and offering rebates – which can slow down how quickly biosimilars are added compared to generic drugs.

Navitus has no affiliated or private-label drug companies. Some other organizations create such partnerships to make extra profit, but we don't. Our specialty pharmacy, Lumicera, is completely transparent and passes any savings directly to the client who pays for the medication.

We believe that encouraging focusing on models, like Lumicera, aligned with patient and plan sponsor needs for quality and affordability, rather than dictating rules concerning coverage of all drugs in a class, restricting formulary changes when safe lower cost alternatives are available (whether a competitive brand, generic or biosimilar). As stated, a focus on transparency throughout the drug supply chain allows for innovation and alignment with common goals of safety and affordability.

- 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 healthcare 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?**



Navitus collaborates with insurers, employers, healthcare providers, and policymakers to design solutions that lower the total cost of care. Improving access to essential medications and encouraging the use of generic alternatives and having cost effective formularies help reduce out-of-pocket expenses for medications. Navitus collaborates with health plans, pharmacies, plan sponsors, and manufacturers to achieve the net lowest cost possible. Our income does not increase with the cost of the drug or the size of the rebate. Therefore, Navitus is a true partner focused on providing the highest quality care at the lowest affordable price.

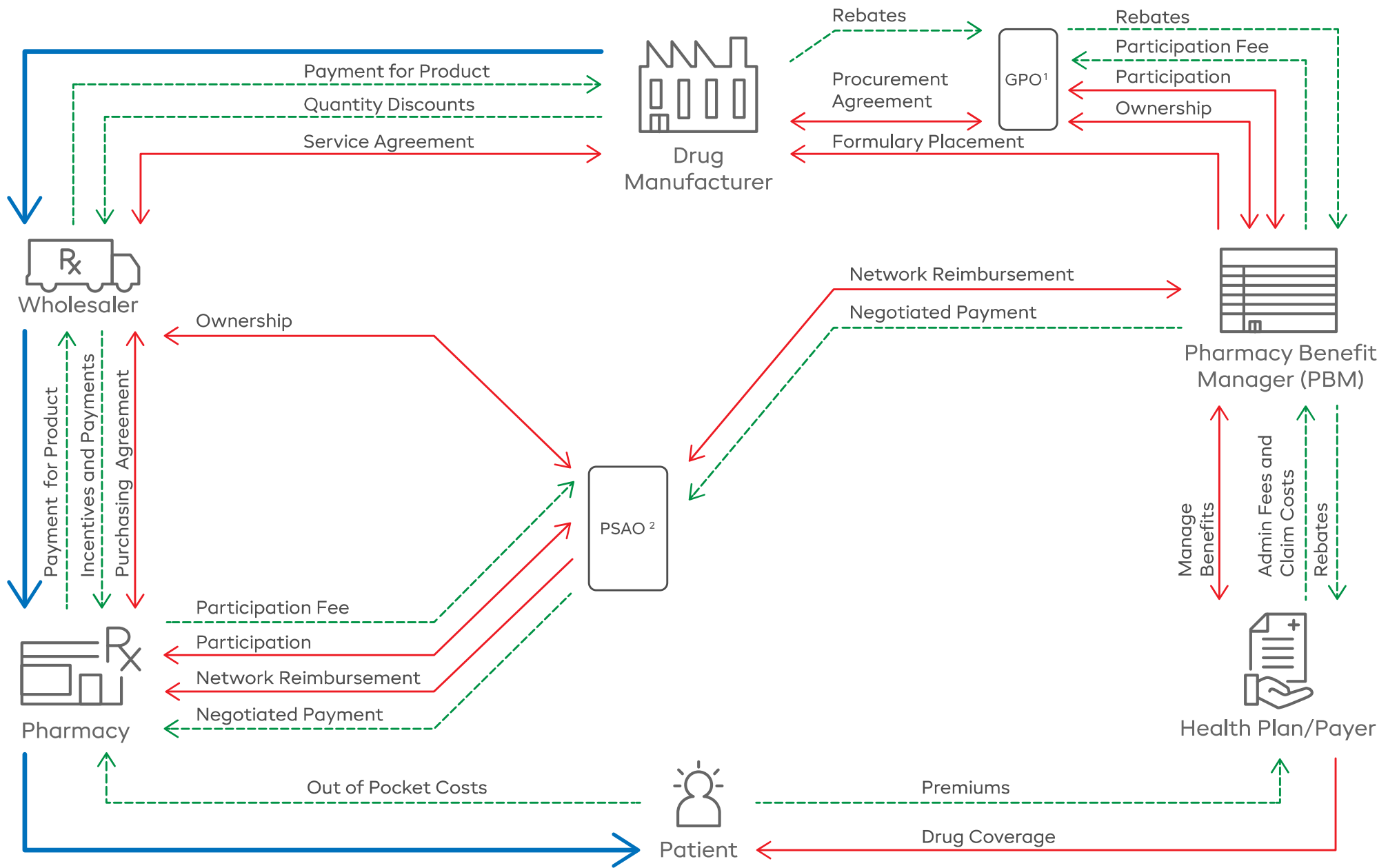
Transparency in compensation and the ability for plan sponsors to verify our efforts contribute heavily to this. Each member of the drug supply chain should be held accountable for their contribution. It is only through transparency that purchasers can assess the value of those participants.

Thank you for considering our comments. If you have any questions or if you would like to discuss this topic directly, please feel free to reach out.

Respectfully,

A handwritten signature in black ink, appearing to read "Robyn S. Crosson".

Robyn S. Crosson
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Key

- Contract Agreement
- - - Money Flow
- Flow of Drugs

¹ Some, but not all, PBMs own GPOs
² Some, but not all, pharmacies contract through PSAOs