STATE OF LOUISIANA **Plaintiff** **Versus** **CAREMARKPCS HEALTH, LLC** **CVS HEALTH CORP** **Defendants**	**27th JUDICIAL DISTRICT COURT** **ST. LANDRY PARISH, LOUISIANA** **CASE NO.:____________________**

PETITION FOR INJUNCTION,
RESTITUTION, CIVIL PENALTIES, AND OTHER RELIEF

NOW INTO COURT, through undersigned counsel, comes the State of Louisiana through the Honorable Liz Murrill, Attorney General, and respectfully submits the following Petition.

I. Nature of the Action

1. This is a civil enforcement action brought by the State of Louisiana, through its Attorney General, to hold CVS Health Corporation, CaremarkPCS Health, L.L.C., and affiliated entities accountable for unfair, deceptive, and unlawful practices that have harmed Louisiana patients, independent pharmacies, and the public at large.
2. Defendants operate one of the nation's largest vertically integrated pharmacy enterprises, controlling the flow of prescription drugs from formulary design and pricing negotiations to pharmacy reimbursement, health insurance coverage, and drug dispensing. Through CVS Caremark, their pharmacy benefit manager (PBM), Defendants exert enormous influence over the prescription drug market in Louisiana. That influence has been wielded not to lower drug costs or enhance access, but instead to manipulate prices, restrict competition, and channel profits internally, all while operating behind a veil of contractual and financial opacity.
3. Among other things, Defendants have:
   A. Leveraged their dominant PBM position to exclude lower-cost alternatives from formularies in favor of high-rebate, high-price brand drugs;
   B. Retained rebates, administrative fees, and pricing spreads that should have benefitted payers and patients;
   C. And engaged in practices that distort the drug market and drive-up costs for the State's public health programs and its citizens.
4. Through this action, the State of Louisiana seeks injunctive relief, civil penalties, restitution, and any other relief the Court deems just and necessary to restrain and remedy

these ongoing violations of law. The Attorney General further seeks to protect the integrity of Louisiana’s healthcare system and ensure transparency in the administration of prescription benefits.

II. Parties

5. Plaintiff, the State of Louisiana (“State”) is a sovereign state that fulfills its duties to its citizens through various offices established by law. The Attorney General has the constitutional and statutory authority to bring this action on behalf of the State, and in the public interest of the citizens of the State of Louisiana.
6. Defendant CAREMARKPCS HEALTH, LLC ("CaremarkPCS") is a Delaware limited liability company with its principal place of business at One CVS Drive, Woonsocket, Rhode Island, 02895. CaremarkPCS is registered to do business in Louisiana and can be served through its designated registered agent, National Registered Agents, Inc., located at 3867 Plaza Tower Dr., Baton Rouge, Louisiana 70816. CaremarkPCS is registered as a third-party administrator with the Louisiana Department of Insurance.
7. Defendant CVS HEALTH CORP ("CVS Health") is a Delaware limited liability company with its principal place of business at One CVS Drive, Woonsocket, Rhode Island, 02895. Defendant CaremarkPCS is a wholly owned subsidiary of CVS Health. CVS Health holds itself out as deliberately directing, and is therefore responsible for, CaremarkPCS' forum-related activities. Among other things:
   A. Prior to 2014, CVS Health bore the name CVS Caremark Corporation. When announcing its name change in 2014, CVS Health stated that its PBM services would continue to be known as "CVS/Caremark."
   B. CVS Health continues to use CVS Caremark to refer to its PBM services on its website and in other locations.
   C. The website located at www.caremark.com bears the name CVS Caremark.
   D. CVS Health states in its filings with the U.S. Securities and Exchange Commission that its "Pharmacy Services segment provides a full range of PBM solutions. including plan design offerings and administration, formulary management, retail pharmacy network management services, and mail order pharmacy."

E. Likewise, CVS Health has stated that as part of its PBM services, CVS Health designs pharmacy benefit plans and negotiates with pharmaceutical companies to obtain discounted acquisition costs for many of the products on CVS Health's drug lists.

8. Defendants CaremarkPCS and CVS Health are referred to as "CVS Caremark." At all relevant times CVS Caremark transacted and continues to transact business in Louisiana.

III. Jurisdiction and Venue

9. The district court has subject matter jurisdiction as the court of general jurisdiction.

10. This Court has personal jurisdiction over the Defendants pursuant to La. C.C.P. Art. 6, La. 51:1407(A), 51:1418, and related statutes, because the Defendants engage in commercial transaction within Louisiana, and purposefully directs its action towards Louisiana, and has the requisite minimum contacts within Louisiana to permit this Court to exercise jurisdiction.

11. Venue is proper in St. Landry Parish because the unlawful acts complained of in this Petition occurred in this Parish and resulted in damages sustained in this Parish.

IV. Facts

A. The Defendants Have Vertically Integrated Pharmacy Services in Louisiana.

12. CVS Caremark controls multiple, interlocking stages of the pharmaceutical supply and reimbursement chain—from insurance to drug pricing, to pharmacy distribution and dispensing. This structure gives it market power not just horizontally (as one of the largest PBMs), but vertically across multiple tiers of the healthcare system.

13. The Defendants' vertical integration across the pharmacy value chain includes the following:

14. As a PBM, CVS Caremark negotiates with: drug manufacturers for rebates and formulary placement; pharmacies (including its own competitors) for reimbursement rates; health plans/employers/governments to administer drug benefits, and therefore controls drug pricing, access, and reimbursement.

15. CVS Health owns over 70 pharmacies in Louisiana, as well as CVS Specialty Pharmacy (a major specialty drug provider), and CVS Mail Order and Long-Term Care pharmacy (Omnicare); and therefore captures dispensing revenues and steers patients to its own pharmacies.

16. CVS Caremark acquired Aetna in 2018—one of the largest health insurers in the United States. Through Aetna, CVS designs and manages plans that use Caremark as the PBM and CVS as the pharmacy. Aetna operates in Louisiana across multiple plan types, including:

    A. Medicaid (Aetna Better Health of Louisiana) Aetna offers Medicaid plans under the state's Healthy Louisiana program. Specifically, "Aetna Better Health of Louisiana" is available statewide for Medicaid beneficiaries.

    B. Aetna provides Medicare Advantage, Medicare Part D prescription drug plans, and Medicare Supplement (Medigap) coverage in Louisiana.

    C. Louisiana-based individuals and small businesses can access Aetna's ACA (Obamacare) marketplace plans and employer-sponsored coverage, offered under the combined "Aetna CVS Health" umbrella

    D. Aetna's doctor and hospital network includes providers throughout Louisiana, often used by major institutions like LSU First—where Aetna is part of the provider network.

17. CVS operates MinuteClinics, HealthHUBs, and home infusion services, and provides chronic care and medication adherence programs (run through the PBM and pharmacy), and therefore has vertical control over diagnosis, prescription, and fulfillment.

B. The role of pharmacy benefit managers in the pharmaceutical industry is a matter of national concern.

18. Prescription benefit managers ("PBMs") are part of complex vertically integrated health care conglomerates, and the PBM industry is highly concentrated. This vertically integrated and concentrated market structure has allowed PBMs to profit at the expense of patients and independent pharmacists.

19. CVS is the largest PBM in the United States, with an estimated ~33–34% share of U.S. Prescription Claims, processing over 2 billion claims annually, and covering more insured individuals than any other PBM.

20. On July 9th, 2024, the Federal Trade Commission published a report on the prescription benefit management industry as part of ongoing inquiry into "how increasing vertical integration and concentration has enabled the six largest PBMs to manage nearly 95 percent of all prescriptions filled in the United States."[1]

[1] https://www.ftc.gov/news-events/news/press-releases/2024/07/ftc-releases-interim-staff-report-prescription-drug-middlemen

21. The FTC report stems from special orders the FTC issued in 2022, under Section 6(b) of the FTC Act, to the six largest PBMs—including the Defendants herein.[2] The report also details how PBMs can squeeze independent pharmacies that many Americans—especially those in rural communities—depend on for essential care and lays out how dominant pharmacy benefit managers can hike the cost of drugs—including overcharging patients for cancer drugs.

22. The report finds that PBMs wield enormous power over patients' ability to access and afford their prescription drugs, allowing PBMs to significantly influence what drugs are available and at what price. This can have dire consequences, with nearly 30 percent of Americans surveyed reporting rationing or even skipping doses of their prescribed medicines due to high costs, the report states. The interim report also finds that PBMs hold substantial influence over independent pharmacies by imposing unfair, arbitrary, and harmful contractual terms that can impact independent pharmacies' ability to stay in business and serve their communities.

23. On March 1, 2023, the U.S. House Committee on Oversight and Accountability launched an investigation into PBMs' role in rising health care costs, finding "PBMs have pushed deliberate, anticompetitive tactics, causing Americans to suffer from rising health care premiums and expensive prescription drug prices."[3]

24. On July 23rd, 2023, the House Oversight Committee held a hearing to "examine how PBMs have used their position as middlemen to cement anticompetitive policies which have increased prescription drug costs, hurt independent pharmacies, and harmed patient care."[4]

C. CVS's rebate system causes drugs to cost more than they would in a properly functioning competitive market.

25. CVS Caremark's rebate system—like that of other major PBMs—creates powerful incentives that artificially inflate drug prices, especially for brand-name medications.

26. CVS Caremark negotiates rebates from drug manufacturers in exchange for preferential placement on its formulary. These rebates are calculated as a percentage of the drug's list

[2] 15 U.S.C. § 46(b). This section grants the Federal Trade Commission (FTC) the authority to require annual or special reports from businesses to gather information about their practices.
[3] https://oversight.house.gov/release/comer-announces-hearing-with-pbm-executives-on-role-in-rising-health-care-costs/
[4] *Id.*

price (also known as the Wholesale Acquisition Cost, or WAC). The higher the list price, the larger the rebate—even if the net cost to the PBM goes down.

27. In a competitive market, price competition should drive lower prices over time, especially when generic or biosimilar alternatives are available. Similarly, rebates would be transparent or unnecessary; the lowest-cost drug would be favored.

28. CVS's rebates influence their formulary design—not drug efficacy or price. CVS Caremark selects which drugs get favorable coverage (Tier 1, Tier 2, etc.) based largely on rebate size, not therapeutic value or net price to the system. Lower-cost or non-rebated drugs (like generics or biosimilars) are often excluded from the formulary if they don't generate rebate revenue. In many cases, cheaper alternatives are deliberately blocked from patient access.

29. The outrageous price of insulin is an example of how rebates cause higher prices: CVS excluded many biosimilar versions of Humira in favor of AbbVie's high-cost, high-rebate original, even when biosimilars were priced 50% lower.

30. On information and belief, what CVS has done with the price of insulin, it has also done with scores of other drugs, including but not limited to, anti-inflammatory and autoimmune drugs, respiratory drugs, HIV and antiviral therapies, cardiovascular drugs, cancer therapies, multiple sclerosis therapies, Hepatitis C therapies. CVS's formulary exclusion lists (published annually) provide insight into drugs that were excluded or preferred based on these rebate negotiations.

31. A truly competitive formulary would include *all clinically effective drugs*, with a preference for lowest total cost to the patient and payer. Coverage decisions would reflect medical value and net price, not hidden kickbacks.

32. CVS's rebate system causes patients to pay based on inflated list prices. Patients with high-deductible plans or coinsurance often pay a percentage of the list price—not the post-rebate price. Even if CVS gets a large rebate on a $1,000 drug, the patient might pay $300–$500 upfront based on the full list price. The result is that rebates don't benefit patients at the pharmacy counter—they may actually increase out-of-pocket costs.

33. The rebate system creates an oligopoly feedback loop: CVS Caremark and the other "Big Three" PBMs (with ~80% market share) demand ever-larger rebates from manufacturers. Manufacturers are locked into this system or risk being excluded from coverage entirely.

The result is upward ratcheting of list prices across the board to meet rebate demands. This isn't competition—it's "rebate rent-seeking", where PBMs profit from price inflation.

34. In a competitive market, many PBMs would bid for the lowest price, not the biggest rebate. Furthermore, manufacturers would be rewarded for offering lower list prices, not for preserving high ones. The fact that this does not happen demonstrates the absence of competition and the existence of monopoly power.

35. CVS also frequently does not pass through rebates to plan sponsors or patients. These funds are sometimes used to subsidize internal business lines (e.g., Aetna premiums or CVS pharmacy profits). Many layers of opaque contracts and lack of audits allow CVS to retain rebate margins while falsely claiming to lower costs. These contracts are hidden behind strict non-disclosure requirements to frustrate any investigation to discover the real price of prescription drugs. A competitive PBM would offer full pass-through pricing, where all rebates go to the payer or patient, and there would be no reason to disguise the real prices.

D. CVS uses a foreign group purchasing organization to obscure actual net drug costs and enable double dipping of rebates and administration fees.

36. CVS uses a Group Purchasing Organization (GPO) to negotiate rebates and other financial terms with drug manufacturers. This GPO is a Swiss-based entity called Zurich Pharma Solutions GmbH, previously known as Zurich Insurance GmbH, renamed and repurposed for PBM-related functions (hereinafter "ZPS"). Caremark PCS Health, L.L.C. operates ZPS and it plays a central role in CVS's rebate negotiation strategy.

37. ZPS is incorporated in Switzerland, a common location for GPOs due to favorable tax treatment and limited U.S. transparency rules. This foreign location makes it difficult for regulators and plan sponsors to audit rebate contracts or trace how much is retained vs. passed through.

38. ZPS negotiates rebates, fees, and discounts from drug manufacturers on behalf of CVS Caremark and its clients. Manufacturers contract with the GPO—not directly with CVS or Caremark, which allows for more discretion over pricing terms and rebate sharing. This structure enables CVS to retain a portion of rebates or administrative fees while claiming pass-through pricing to clients—since the rebate flow is first filtered through the GPO.

39. CVS owns and controls Zurich Pharma Solutions but positions it as a third-party aggregator. This lets CVS charge "administrative fees" from manufacturers separate from rebates, negotiate volume-based rebates for a wide base of clients (e.g., Aetna, SilverScript,

employer plans), and retain financial benefit within the CVS corporate umbrella without fully disclosing it to payers or regulators.

40. All of the foregoing conduct results in payors in Louisiana—health plans, employers, and plan participants—paying much more than they otherwise would for prescription drugs.

V. Causes of Action

Count 1: Louisiana Unfair Trade Practices Act

41. The State incorporates by reference the allegations contained in preceding paragraphs of this Petition as though fully set forth herein.

42. CVS's business practices described above regarding the use of rebates and exclusionary formulary placement based on net rebates and not clinical efficacy or therapeutic value constitute conduct that is unfair, deceptive, unscrupulous, contrary to public policy, and substantially injurious to the public, in violation of La. R.S. 51:1401 et seq., including but not limited to engaging in unfair competition within the meaning of 51:1405.

43. CVS's unfair trade practices as described herein are ongoing within Louisiana, and are likely to continue without an injunction.

Count 2: Unjust Enrichment

44. Alternatively, in the event the State has no remedy at law against the CVS, the State maintains this action under the principles of unjust enrichment, pursuant to La. Civil Code Article 2298.

45. As a result of the conduct described in this Petition, CVS has received certain funds to which they were not entitled.

46. By their acts described in this Petition, CVS has been unjustly enriched at the expense of uninsured and underinsured consumers in Louisiana, as well as at the expense of Louisiana consumers whose out-of-pocket expenditures for prescription drugs are calculated based on manufacturers' list prices.

47. Defendants are bound to compensate the consumers of Louisiana to the extent that the Defendants have been unjustly enriched.

VI. Relief Requested

48. Plaintiff, State of Louisiana, hereby demands a trial by jury on all claims so triable pursuant to LA C.C.P. Art. 1731 and related statutes.

49. WHEREFORE, Plaintiff prays that, in due course, the Court issue a permanent injunctive order against Defendants, including any employees, agents, contractors, and those persons in active concert or participation with them, to restrain, enjoin, and prohibit Defendants from:

    A. Engaging in any activity in violation of LUTPA;

    B. Obfuscating or otherwise manipulating prices and payments made for prescription drugs;

    C. Any other provisions that are found to be equitable after a trial of this matter.

50. Plaintiff further prays for relief as follows:

    A. In due course, the Court issue an Order that CVS pay restitution to the State of Louisiana for all expenses reasonably related to their practices described herein through any manner deemed practicable by the Court.

    B. Plaintiff further prays that, in due course, the Court issue an Order requiring CVS to reimburse the Office of the Attorney General for all costs and expenses incurred in the investigation and prosecution of this action, including attorney's fees under LSA-R.S. 51:1408 and 1409.

    C. Plaintiff further prays for all additional civil penalties allowable under law.

    D. Plaintiff further prays for all additional damages allowable under law.

    E. Plaintiff further prays that this Court grant any further relief that it finds justice may require or is otherwise equitable.

RESPECTFULLY SUBMITTED:

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__/s/ Michael Dupree
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