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SUBMITTED ELECTRONICALLY: jtouschner@naic.org

Submitted via Email

National Association of Insurance Commissioners

Health Care Affordability and Mitigation Working Group

RE: Draft Health Care Affordability and Mitigation Working Group Brief on Vertical and Horizontal Integration

Dear Chair and Members of the Working Group:

On behalf of Navitus Health Solutions LLC (“Navitus”) and Lumicera Health Services, we want to thank you for your group’s work on such an important topic as Health Care Affordability. We appreciate the research and analysis undertaken by the group to inform regulators and policymakers about the various state-led initiatives implemented in recent years to improve drug affordability. Health care operates within a complex ecosystem in which consumers must weigh many factors when making decisions about their coverage, care, and overall health needs.

The brief highlights vertically and horizontally integrated organizations and restrictions some states have imposed or considered on various business structures. In that spirit, we respectfully submit the following comments and recommendations for your consideration. We appreciate the opportunity to provide input on this important discussion and look forward to continued engagement on efforts to strengthen affordability, access, and consumer choice in health care.

Our Story

By way of background, Navitus is a transparent pass-through pharmacy benefit manager (PBM) formed more than two decades ago as an alternative to the traditional PBM model. We serve clients across a wide range of health plan products including commercial/employer, individual, small group, Medicare, and Medicaid plans. We focus on removing excessive costs from the prescription pharmaceutical supply chain and making medications more affordable to the people we serve and their employers/plan sponsors. Navitus achieves this through a model that has always passed rebates directly to our customers and strives for lower net cost pharmaceuticals. As a transparent, pass-through PBM, Navitus is committed to advancing policies that promote clarity, transparency, and affordability in prescription drug benefits.

Lumicera Health Services LLC (“Lumicera”) was established in 2014 at the request of our Navitus clients. Lumicera is the nation’s only cost-plus specialty pharmacy, charging plans what we pay for the medication, plus a fixed patient management fee and shipping fee. Although our parent company LighthouseRx also owns Navitus, our clients are never required to use Lumicera, and only about 30% of our business comes from Navitus-affiliated clients.

Business Structures Are Not Inherently a Problem

Navitus’ origins, and similarly, Lumicera’s provide a unique perspective to the discussion of integration. Although LighthouseRx’s parent companies SSM (a not-for-profit health system) and Costco both have pharmacies, Navitus has never required the use of any of those pharmacies or Lumicera. Instead, we provide disclosure, choice, and never penalize our clients who choose to use a different pharmacy.

We recognize that vertical integration can create concerns when affiliated entities are insulated from competition or when financial incentives encourage steering patients or plans toward affiliated businesses rather than the highest-value option. Appropriate transparency and accountability measures are therefore important to ensure that integration benefits patients and purchasers rather than simply increasing market power.

At the same time, the relevant policy question is not whether organizations are vertically integrated, but whether that integration produces lower costs, greater transparency, and better outcomes for patients. In many cases, integration can support innovative approaches that increase competition, align incentives, and improve affordability.

For example, Navitus joined CivicaScript as a founding member in 2020 to help bring lower-cost generic medications to market through partnerships among manufacturers, payors, PBMs, and pharmacies committed to passing savings directly to consumers. This initiative demonstrates how collaboration across the pharmaceutical supply chain can increase competition and help reduce prescription drug costs.

Similarly, Lumicera Specialty Pharmacy operates under a transparent cost-plus model in which reimbursement is based on acquisition cost plus a disclosed service fee. Because Lumicera's revenue is not tied to the cost of the drug dispensed, its incentives are aligned with helping plans and patients access the most clinically appropriate, lowest-net-cost therapy rather than higher-cost alternatives.

Recent biosimilar contracting arrangements further illustrate the potential benefits of this approach. In 2025, Lumicera contracted for access to a lower-cost biosimilar alternative to Stelara, allowing patients and plan sponsors to realize savings at the point of sale rather than relying on retrospective rebate arrangements. These arrangements demonstrate how transparent pricing structures and aligned incentives can reduce costs while maintaining access to high-quality care.

Accordingly, we encourage the Working Group to focus on behaviors that may harm competition or limit consumer choice rather than on organizational structure alone. Safeguards should be considered to address practices that penalize health plans, patients, or plan sponsors for choosing a non-affiliated pharmacy, PBM, or other business partner. Preserving meaningful choice while promoting transparency and accountability will help ensure that organizations compete based on value, performance, and affordability.

Health plans should have the freedom to choose the entities with whom they conduct business, whether integrated or non-integrated. Each organization should stand on its own merits and demonstrate value independently. Where integration results in lower costs, greater transparency, better patient outcomes, and increased accountability, it should be encouraged rather than discouraged. We would also encourage the Working Group to review the May 2026 report from the HHS Office of Inspector General, which found that net drug costs were generally similar between vertically integrated and non-vertically integrated Part D sponsors for the drugs.¹ Accordingly, vertical integration should be evaluated based on transparency, incentive alignment, and demonstrated value to patients and purchasers, rather than solely on the existence of an affiliation.

We appreciate the opportunity to provide feedback and offer these comments for your consideration.

Respectfully,

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¹ U.S. Dep't of Health & Hum. Servs., Off. of Inspector Gen., *Impacts of Vertical Integration in Medicare Part D on Sponsors' Drug Costs, Pharmacy Reimbursement, and Enrollee Cost Sharing*, OEI-BL-24-00240 (May 2026), <https://oig.hhs.gov/documents/evaluation/11667/OEI-BL-24-00240.pdf>.