



Commonwealth of Kentucky
Public Protection Cabinet
Department of Insurance

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FOR IMMEDIATE RELEASE

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**Kentucky Department of Insurance Issues Penalty Against
PBM, CaremarkPCS Health LLC, a subsidiary of CVS
Caremark**

FRANKFORT, Ky. (July 9, 2018) – The Kentucky Department of Insurance (“Department”) issued an Order of Civil Penalty and Probation against pharmacy benefit manager (“PBM”) CaremarkPCS Health, LLC (“Caremark”) for multiple violations of the Kentucky Insurance Code. As a result, Caremark’s pharmacy benefit manager license has been placed on probation for twelve (12) months and Caremark has been assessed a fine of \$1,551,500.

The Order cites four hundred fifty-four (454) violations related to reimbursement claim denials issued to pharmacists across the Commonwealth of Kentucky, an additional thirty-eight (38) violations where Caremark provided inaccurate or inconsistent information to the Department, and four hundred fifty-four (454) violations of the Unfair Claims Settlement Practices Act for procedural violations in each pharmacy claim.

“The Department simply does not issue penalties of this nature lightly,” says Patrick D. O’Connor II, Deputy Commissioner for Policy. “However, we have to ensure companies fully comply with our laws to protect consumers and other businesses.”

Kentucky pharmacists can submit complaints to the Department for various issues, including whether the PBM’s reimbursement and appeal determination meet certain

requirements. The Department's Consumer Protection Division reviews and investigates each pharmacy complaint to evaluate the PBM's compliance with Kentucky law.

The 454 violations related to pharmacy reimbursement claim denials stem from requirements established by the 2016 General Assembly and a Department regulation promulgated with the input of various interested parties. During the Department's review of each of the 454 claims individually submitted by Kentucky pharmacists, the Department identified discrepancies between Caremark's pricing statements initially made to pharmacists and those subsequently provided in response to Department requests. On thirty-eight occasions, Caremark provided conflicting pricing information to the Department in multiple requests for the same claim.

CaremarkPCS Health, LLC, a subsidiary of CVS Caremark, is one of two CVS Caremark subsidiaries licensed to operate as a pharmacy benefit manager in Kentucky by the Department.

The Kentucky Department of Insurance regulates the Commonwealth's insurance market, licenses agents and other insurance professionals, including pharmacy benefit managers, monitors the financial condition of companies, educates consumers on available insurance options, and ensures Kentuckians are treated fairly in the marketplace. To learn more about DOI, visit <http://insurance.ky.gov/>.

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