



What Was Performed? A special report that reviewed Delaware's contract and overall relationship with pharmacy benefit manager (PBM) Express Scripts Inc. (ESI) for fiscal years 2018-2020.

Why This Engagement? Under the Delaware Code, it is the State Auditor's job to offer suggestions to improve efficiency and effectiveness in state government. This special report evaluates the contract terms made with Express Scripts Inc. and pharmaceutical drug data for FY2018-20. This special report is intended to help lawmakers review and improve laws that regulate PBM behavior.

What Was Found? Because of a lack of transparency in Delaware's contract with ESI, the state has overlooked questionable charges and practices from the PBM.

The report highlights five observations:

1. Excessive PBM Costs: Delaware taxpayers footed prescription drug bills at 3 times the national inflationary average.
2. Weak Contract Terms: Contract terms allowed the PBM to audit and assess penalties on pharmacies for minor errors and keep reclaimed funds concealed from the state plan.
3. Leveraging Costs to Increase Revenue: An abundance of administrative fees created multiple pathways to mask true costs and ensure PBM profits on the backs of Delaware taxpayers.
4. Lack of Transparency Requirements: Lack of transparency allowed the PBM to operate as an unregulated go-between that charges state taxpayers' health plans more than it pays the pharmacy in reimbursement.
5. PBM Predatory Practices: PBM behaviors fueled its profits on the backs of community pharmacies (and even chains), forcing closures, cutting access to healthcare for patients and causing job loss in Delaware.

The special report offers five recommendations for improvement. The new special report, "Lack of Transparency & Accountability in Drug Pricing Could be Costing Taxpayers Millions," can be found on our website: [click here](#).

Under [Delaware Code 2909](#), the State Auditor may produce special reports that examine state agencies' performance and offer recommendations for greater accuracy and efficiency, as well as data, information and recommendations the auditor deems advisable and necessary.

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen McGuinness at Kathleen.Mcguinness@delaware.gov.
