



## FTC Settlement Affects Drug Pricing Practices and Reshoring

*Updated 12 February 2026*

**Action:** On February 4, the Federal Trade Commission (FTC) announced a proposed consent order settling its insulin-pricing case against Express Scripts (ESI), one of America’s largest pharmacy benefit managers (PBMs).<sup>1</sup> The settlement, if finalized, would change how ESI structures drug pricing, plan sponsor offerings, and pharmacy contracting, and ESI would relocate certain operations to the US. The FTC frames the settlement as a structural response focused on how PBMs design formularies, earn compensation, and transmit price signals to manufacturers and plan sponsors.

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- The FTC filed suit in September 2024, alleging that ESI and two other major PBMs use rebating practices that encourage higher insulin list prices and impaired access to lower list-price alternatives, leading to artificially inflated out-of-pocket costs for patients with deductibles or coinsurance tied to list price.<sup>2</sup>
- The settlement sets out a set of “standard offerings” that would require ESI to make specific changes to formulary design, cost sharing, and contracting.<sup>3</sup> The terms would require ESI to stop preferencing higher list-price versions of a drug over identical lower list-price versions on its standard formularies. ESI would also be required to offer plan designs that base member cost sharing on a drug’s net cost rather than its list price. The settlement further contemplates a standardized pathway for plan sponsors to move away from rebate guarantees and spread pricing. Finally, ESI would reduce the extent to which manufacturer payments are tied to list prices,

with the stated aim of limiting incentives that reward higher list prices and larger rebates.

- The proposed consent order is subject to a 30-day public comment period. No settlements have been announced with the other PBMs named in the original lawsuit, Caremark Rx and OptumRx. If finalized, the agreement would remain in effect for 10 years, with an independent monitor overseeing compliance for the initial three years of implementation.
- **What this means for business:** The settlement pushes transparency downstream to include employer clients and regulators. ESI must provide drug-level reporting, data to support plan compliance with federal Transparency in Coverage requirements, and disclosures of payments to brokers representing plan sponsors. The settlement also required ESI to reshore its Switzerland-based Group Purchasing Organization, Ascent, to the US, which the FTC says would bring back more than “\$750 billion in purchasing activity” over the duration of the order.
- For PBMs, practices long treated as commercial norms are being evaluated through the lens of competition and consumer impact. The transparency requirements build on growing lawmaker interest, with Congress [including](#) PBM transparency provisions in appropriations for FY 2026.
- For manufacturers, the settlement signals that the FTC is assessing drug pricing as a system, not just PBM conduct in isolation. Although manufacturers are not parties, the terms point to their role in sustaining high list prices through rebate arrangements, while the requirement to reshore a PBM purchasing entity underscores that supply-chain structure, jurisdiction, and transparency are now relevant to the Administration’s broader push to reshore critical pharmaceutical activity.<sup>4</sup>

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1. Federal Trade Commission, [“FTC Secures Landmark Settlement with Express Scripts to Lower Drug Costs for American Patients,”](#) February 4, 2026.

2. Federal Trade Commission. [“FTC Sues Prescription Drug Middlemen for Artificially Inflating Insulin Drug Prices.”](#) Press release, September 20, 2024.

3. Federal Trade Commission, [Caremark, et al.: Proposed Decision and Order \(ESI Respondents\)](#) .

4. The White House, [“Regulatory Relief to Promote Domestic Production of Critical Medicines,”](#) Executive Order, May 5, 2025.

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