Independent Pharmacies Know Their Communities But Many Are Struggling to Stay Open

Rural and underserved communities suffer higher rates of chronic health conditions, making pharmacies a lifeline.

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Abby Jones' first stop of the day delivering medication was the home of 90-year-old Sarah Campbell Kier.

"Come in!" yelled Kier. Jones didn't have to knock. Kier had the screen door open and was waiting for the Barnes Drug Store driver, who also had delivered Kier's thyroid medication the day before.

"I appreciate you bringing my medicine, darling," said Kier, a retired school cafeteria worker. She sat on the couch by her walker, writing a $3 check for her prescription B12 supplement. Kier is having surgery later this month, and said she is glad she can rely on the drugstore for pre- and post-op medication management.

Kier's family has been buying from Barnes Drug Store since she was a child living in the countryside. "We had to come to town to get our food and medicine," she said.

Barnes Drug Store is an independent pharmacy in the south Georgia town of Valdosta that's been serving the community for a century. The family-run business used to have six pharmacies. It now has just one.

Independent drugstores are closing at an alarming rate — about one a day in 2023 — squeezed by the huge companies that reimburse pharmacies for costly medications.

But with each closure, a community loses more than another place where they can buy medicine. Experts say independent drugstores are more likely to know their patrons, offer health and medication counseling, and, crucially, serve communities in need.

A 2023 study funded by the National Institutes of Health found that the estimated 15.1 million Americans who rely on independently owned pharmacies are more likely to have lower incomes, live in rural areas and to be at least 65 years old. Their health is more complicated, and they're

more likely to need one-on-one counseling to juggle multiple medications.

As a result, those communities — already vulnerable to lack of care — are hardest hit when independent pharmacies shutter. Lower drug reimbursements compared with those offered to chain pharmacies, such as CVS and Walgreens, are a big factor.

“They’re going to close. If they’re relying on insurance, it’s not sustainable,” said Dima Mazen Qato, a University of Southern California clinical pharmacy and spatial sciences professor who studies pharmacy access.

In recent studies, Qato and her team found independent pharmacies were more likely to close compared with chain pharmacies — and they were more likely to shutter in Black and Latino communities already facing disproportionate barriers to care.

“You would think there would be more accountability for ensuring that the pharmacies providing care for these patients are protected from closure,” Qato said.

In Valdosta, Georgia, a city of 55,000 not far from the Florida state line that is surrounded by rural counties, many residents lack transportation and suffer chronic health conditions that require medication. Fifty-six percent of Valdosta’s residents are Black, and many of the surrounding communities, such as Echols and Hamilton counties in North Florida, are home to migrant workers.

Delivering prescriptions to a roughly 30-mile radius, Barnes Drug Store serves as a cornerstone for the area, where many towns lack a hospital, pharmacy, pediatrician or primary care provider.

Owner Charles Barnes III, 78, said his grandfather opened the pharmacy in 1909, passing it down through generations. “We know the families that come to our store,” he said. His son, Charles Barnes IV, is the CEO. The family-run business has diversified its services, with other locations that offer home infusion and respiratory therapy services, helping the company, Barnes Healthcare Services, stay afloat.

Last year, Georgia Republican Gov. Brian Kemp vetoed a bill that would have required the state’s health insurance program for teachers and state workers to reimburse independent pharmacies at the same rate as chain pharmacies, saying the initiative would be too costly and was unaccounted for in the budget. The bill had received bipartisan, almost unanimous support in the General Assembly.

“We have no negotiation power,” said Ben Ross, president and board chair of the Georgia Pharmacy Association, which represents pharmacists across the state.

“We definitely have a reimbursement issue, where pharmacies are struggling not because of volume, not because they don’t have the patients, but because of the reimbursements that we’re being paid by the PBMs,” he added.

Pharmacy benefit managers, or PBMs, are companies serving as pharmaceutical middlemen. They

manage insurance companies' prescription drug benefits, processing between 80% and 90% of prescriptions dispensed nationwide. They decide how much to reimburse a pharmacy for each prescription. Big chains such as CVS and Walgreens routinely get better reimbursements than independent drugstores.

Ross, a second-generation pharmacist, runs Forest Heights Pharmacy in the eastern Georgia town of Statesboro. He's also a partner in seven other pharmacies — most of them in rural parts of the state.

"If these pharmacies in these communities close," Ross said, "what are these patients in these communities supposed to do?"

'Taking a risk' to help patients

At Springfield Pharmacy in Delaware County, Pennsylvania, owner Chichi Ilonzo Momah estimates that up to 30% of medications she fills are reimbursed for less than what they cost.

In the past year, she said, three independent pharmacies in her area have closed. Recently, even though she knew a pregnant patient's insurance wouldn't cover an RSV vaccine, she gave her the shot anyway.

"I'm taking a risk," Momah said, knowing that if a reimbursement wouldn't go through and the patient couldn't pay, she would be in the red.

Momah opened Springfield Pharmacy 13 years ago, and the store primarily serves the uninsured, as well as a large immigrant and refugee population. She's formed trusted relationships with residents over the years. At times, she's called to remind customers to take their medications if she knows they've been prone to forgetting, and they'll often seek her advice on medications and vaccines when they're skeptical or confused.

"That's what happens when there's a trusted voice in the community," Momah said. "'If Chichi says it's OK, it's OK.' … They're asking me, just like the way my aunt will ask me, or the way my mother-in-law asks me, the way my dad would ask me."

When Stateline called her, the pharmacist was packing prescriptions for a patient on 14 medications.

"If I put it in 14 vials, he can get confused. He's 82 years old, so I put it in adherence packaging that says, 'Monday morning,' 'Monday evening,'" she said. "That right there — you cannot put a price tag. The PBMs can't pay for that. It's customized care."

In recent months, Momah has had to start turning some patients away.

"That broke my heart. Some of them, I couldn't even tell them. I had to have my staff do it,

because I've known them for 13 years. I've hand-delivered medications to their homes," she said. "I don't understand why in America, the PBMs don't answer to somebody. Because pharmacies are going to continue to close."

Pharmacy deserts

In a December letter to the incoming Trump administration's proposed government efficiency committee, the National Community Pharmacists Association, which represents independent pharmacies across the nation, urged President-elect Donald Trump to rein in the three PBM conglomerates: CVS Health's Caremark, Cigna-owned Express Scripts and UnitedHealth's Optum Rx. The association said regulating the PBMs would save taxpayers $5 billion.

"We are up against these giant, vertically integrated health care conglomerates, and so that's tough," Ronna Hauser, the association's senior vice president of policy and pharmacy affairs, told Stateline.

Greg Lopes, a spokesperson for the Pharmaceutical Care Management Association, which represents PBMs, argued that they alone aren't to blame for pharmacy closures, saying they are finding ways to support rural pharmacies.

"There are many factors for pharmacy closures, including population. Pharmacy benefit managers are supporting community pharmacies in rural areas through programs that increase reimbursements," he wrote in a statement to Stateline.

But a scathing Federal Trade Commission report released Tuesday builds on a previous report that found PBMs had received 68% of the revenue from dispensing specialty drugs in 2023. The new report found that PBMs appear to be steering patients to their own affiliated pharmacies for the most profitable drugs, and away from unaffiliated, independent pharmacies.

The closures, and the responses, are happening all over.

In Alabama, 21 community pharmacies and a dozen chain pharmacies closed across Alabama last year alone, according to the Alabama Pharmacy Association.

"If you take care of all patients like we always have, you'll go out of business," said Bobby Giles, a pharmacist and the association's government affairs director, adding that Medicaid's fixed-rate reimbursements are in general higher than what PBMs pay pharmacies in his state.

"We, as pharmacists, are literally asking for you to pay us the same rate of reimbursement that the poorest of the poor and the sickest of the sick in our state's insurance pays," Giles said.

Some states have taken steps in recent years to support independent pharmacies. Last fall, Louisiana Republican Gov. Jeff Landry signed an emergency contract that aims to improve reimbursement rates for independent pharmacies.

In 2019, Illinois started a critical access pharmacy program, allowing small community pharmacies serving Medicaid patients to receive supplemental money from the state. Two years later, Tennessee passed a law that prohibits PBMs from reimbursing pharmacies below acquisition costs.

Both rural and urban pharmacies are closing their doors, though it's happening slightly faster in rural communities, research shows. Nearly 16 million Americans live in pharmacy deserts across the nation, and on average, communities that are uninsured and that are more racially diverse disproportionately lack access to pharmacies.

Delesha Carpenter, a professor and director of the Rural Research Alliance of Community Pharmacies at the University of North Carolina, Chapel Hill, said her surveys of community pharmacies have found the stores taking hundreds of dollars of losses per prescription as a result of inequitable reimbursements.

"I would love to see more legislative initiatives … bolstering rural pharmacy," said Carpenter. She noted that pharmacists can't bill health insurance companies for the counseling and education they do on a daily basis, which Carpenter said would help bring in more revenue.

Personal service

Pharmacist Tyler Young and his wife bought Hines Prescription Shop in Barnesville, Georgia, an hour south of Atlanta, in 2021. Barnes told Stateline he takes a $75 loss on Ozempic prescriptions for one month's supply per patient.

Young, 31, grew up around the pharmacy. His mom was a certified pharmacy technician and worked at Hines Prescription Shop. His freshman year of college, he got a part-time job at the shop.

"Seeing the impact that the local community pharmacy had on their town really drove me to be involved in this profession," said Young, who also owns Roberta Drugs, another pharmacy he and his wife purchased in 2019.

"We knew that it was possible, even with some of the challenges that we faced, it was still possible to serve our communities how we wanted to," he said.

On a recent morning back at Barnes Drug Store, Robert Morrison, 69, waited in the store lobby for his prescription to be filled. As a teenager, Morrison worked for Barnes delivering medicine.

He had a liver transplant five years ago, and with 10 to 12 different prescriptions, Morrison said he sometimes gets his medicines mixed up and asks the staff for help.

"It's a good thing for the neighborhood," said Morrison, a yard worker. "I've been dealing with them a long time."

Staff pharmacist Loryn Brown said she often counsels customers on their medications and symptoms.

“I’ve sent numerous patients to the ER because of high blood pressures that they didn’t realize were actually an emergent situation,” Brown said.

Back at Kier’s home in Valdosta, Kier reflected on the pharmacy closures across her state. “That’s so sad,” she said, thinking about residents unable to get their medications.

“Uh-uh — I don’t feel good,” Kier continued, “because I don’t want my Barnes to close.”

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