

# OUR PRACTICE

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## Specialty Pharmacy Transactions

Our team brings together deep knowledge of the specialty pharmacy sector with practical, business-minded advice. We understand the pressure points these organizations face, especially independent operators that manage high-cost therapies, strict cold chain requirements, and hands-on patient support in an environment shaped by tighter reimbursement, inflexible pharmacy benefit manager (PBM) terms, and growing regulatory demands.

### Transactions Involving Specialty Pharmacies Are Increasing

Independent specialty pharmacies, in particular, are seeing more transaction activity. Several market forces are pushing owners to consider partners, buyers, or scaled platforms, including:

#### Rising Drug Costs and Margin Pressure

Specialty drugs now account for the fastest-growing share of U.S. drug spending. As prices climb, especially for biologics, cell and gene therapies, and limited distribution products, pharmacies without large-scale purchasing power or rebate leverage feel the squeeze. Dispensing margins often no longer cover fixed costs, leading many owners to look for added scale, access to capital, or group purchasing arrangements.

#### Payor and PBM Control Over Pricing and Access

National PBMs and payors increasingly dictate reimbursement, rebate eligibility, and network participation in ways that hit smaller pharmacies hardest. Narrow networks, exclusions, and rigid take it or leave it contracts make revenue less predictable while audit risk grows. Chargebacks and Direct and Indirect Remuneration (DIR) reconciliations can erase months of profit, making alignment with larger platforms more appealing.

#### Competition from Chains, PBMs, and Health Systems

Large chains, payer owned specialty divisions, and integrated health systems continue to capture market share through controlled referral channels, exclusive distribution agreements, and large-scale support centers. Their resources enable next-day shipping, nursing services, and patient hub models that are difficult for smaller operators to replicate, particularly in oncology, immunology, and rare disease therapy areas.

#### Clinical Work Without Adequate Compensation

Specialty pharmacists often shoulder prior authorizations, adherence monitoring, dose titration, and extensive patient counseling, services that improve outcomes and reduce overall healthcare costs. Yet fee-for-service models rarely reimburse for this work. As a result, pharmacies absorb the operational burden while payors benefit from the savings. Partnerships that include value-based reimbursement or payment for clinical services are becoming more attractive.

#### Evolving Regulations and Increasingly Complex PBM Policies

State and federal requirements around fraud and abuse, the 340B program, and PBM audits create a challenging compliance landscape. Errors in documentation, copay assistance, or cold chain protocols can lead to recoupments, penalties, or even removal from networks. Larger buyers and platforms often have in-house compliance teams and strong data systems that help manage these risks.

#### Innovation and Value-Based Outcomes

Reimbursement is increasingly tied to outcomes such as days on therapy, Proportion of Days Covered (PDC) scores, and reduced readmissions. To keep pace, specialty pharmacies must invest in data systems,

outcomes tracking, and patient engagement tools. Access to capital and advanced analytics, often available through larger or private equity-supported platforms, can make a meaningful difference.

Each of these challenges is manageable on its own, but together they create an administrative and financial strain that can distract from patient care. For many specialty pharmacies, transaction opportunities offer a path to greater scale, stability, and long term sustainability.

### **Our Experience in Specialty Pharmacy Transactions**

We advise specialty pharmacies across the country, varying in size, lifecycle stage, and therapeutic focus, on transactions that support growth and resilience. Our work spans sales and consolidations involving national pharmacy organizations, payors, and private equity-supported platforms; restructurings that use management service organizations to share back-office functions; and mergers among independents seeking to build integrated, scalable operations.

### **Regulatory Compliance**

Our team has decades of experience helping clients navigate the rules that shape pharmacy operations and influence transaction readiness. We assist with fraud and abuse compliance, the 340B program, Medicare and Medicaid change of ownership processes, U.S. Drug Enforcement Administration (DEA) notifications, multistate licensing and accreditation updates, and Health Insurance Portability and Accountability Act (HIPAA) requirements, including business associate agreements and breach response.