Independent Pharmacy Trends Report | 2025

Industry Analysis & Strategic Outlook
for the 2025 Calendar Year

December 2025

Prepared by: Matthew Scott
Prepared for: Kevin McCarron

Contents

Executive Summary

The independent pharmacy sector in 2025 is navigating a period of profound transformation, marked by a complex interplay of stabilizing market forces and escalating financial pressures. While the previous year was characterized by widespread concern over pharmacy closures and supply chain disruptions, 2025 data reveals a more nuanced landscape. The number of independent pharmacies has stabilized, with a net decline of only 24 locations in the 13 months leading up to July 2025, a significant improvement over prior years [1]. The market itself has demonstrated robust growth, expanding by 8.5% to a **$103 billion** valuation in 2024, with further growth projected for 2025 [1].

However, this stability is set against a backdrop of unprecedented financial strain. While the consideration for closure has slightly decreased from 32% to **30.3%** of owners, new policies such as the Medicare Maximum Fair Price (MFP) program are projected to create a weekly cash flow shortfall of over **$10,000** per pharmacy and an annual revenue loss exceeding **$40,000** [2]. The resolution of the GLP-1 medication shortage in early 2025 has driven massive prescription volume, with these drugs now accounting for over 80% of dispensing revenue growth, yet they remain largely unprofitable for pharmacies [3][4].

In response, independent pharmacies are aggressively pursuing revenue diversification through clinical services, with point-of-care testing (POCT) showing the most significant growth. Technology adoption, particularly in AI and automation, is accelerating as a means to improve efficiency. This report provides a comprehensive analysis of these trends, offering a data-driven outlook for 2025 with year-over-year comparisons to provide strategic guidance for pharmacy operators and the software platforms that support them.

Key Year-over-Year Changes: 2024 vs. 2025

Metric	**2024**	**2025**	**YoY Change**
Independent Pharmacy Locations	18,984	18,960	**-0.13%**
Independent Pharmacy Market Value	$94.9 Billion	$103 Billion	**+8.5%**
Owners Considering Closure	32%	30.3%	**-1.7%**
GLP-1 Medication Supply	Widespread Shortages	Resolved (Feb 2025)	**Resolved**
Blood Pressure Monitoring Offered	64%	73%	**+9 pp**
Average Part D Premium	$53.95	$46.50	**-13.8%**
Prescription Volume per Store	59,644 (2023)	67,601 (2024)	**+13.34%**

Table 1: Key metrics comparison between 2024 and 2025

1 Market Overview & Competitive Landscape

The narrative of the independent pharmacy sector in 2025 has shifted from one of precipitous decline to one of resilient stabilization. The total number of independent community pharmacies stood at **18,960** as of July 2025, a marginal decrease of just 0.13% from the 18,984 locations reported in June 2024 [1]. This stands in stark contrast to the trend of over 300 net closures seen in previous years and the nearly 3,000 closures experienced by chain drugstores over the past four years, indicating a surprising level of stability in the independent sector [6].

Despite the slight dip in locations, the market value has shown strong growth. The independent pharmacy marketplace was valued at **$103 billion** in 2024, an 8.5% increase from the $94.9 billion reported in 2023 [1]. This growth is largely fueled by a significant increase in prescription volume, which surged by 13.34% to an average of 67,601 prescriptions per store in 2024, partly due to the consolidation of patient demand from closed chain locations [1].

1.1 Competitive Dynamics

Independent pharmacies, which constitute nearly 36% of all retail pharmacy locations, continue to compete in a landscape dominated by larger entities [1]. While they maintain a strong collective presence, they face intense competition from traditional chains, supermarkets, and mass merchants. Data from a key state in October 2025 shows large chains operating 61% of pharmacy locations, with independents and grocery-based pharmacies each holding a 13% share [3]. The competitive pressure is expected to intensify, with projections indicating that mass merchants and grocers could capture up to 40% of the market by 2029 [4].

A defining characteristic of the independent sector is its high rate of operational churn; one study found the turnover rate for independent pharmacies to be **152.7%**, compared to just 49.9% for chains, reflecting a dynamic environment of frequent openings and closures [2].

2 The Intensifying Financial Crisis

The financial viability of independent pharmacies remains the most critical challenge in 2025, with pressures evolving and intensifying despite a stabilizing market. A staggering **96.5%** of independent pharmacists believe that reimbursement practices from Pharmacy Benefit Managers (PBMs) and Medicare Part D plans threaten the very existence of their businesses [5]. This sentiment is substantiated by the fact that **40.8%** of pharmacists report being reimbursed below the National Average Drug Acquisition Cost (NADAC) on over 40% of the Medicare Part D prescriptions they fill [5].

While the percentage of owners considering closing their doors in 2025 has seen a slight improvement to **30.3%** from 32% in 2024, the underlying financial health of the sector has deteriorated. In 2024, **80.3%** of independent pharmacists reported a decline in their business's financial health, with nearly half (**48.6%**) describing the decline as significant [5].

2.1 The Impact of New Medicare Policies

A new and formidable challenge in 2025 is the financial fallout from the Medicare Drug Price Negotiation program, part of the Inflation Reduction Act (IRA). The implementation of the Maximum Fair Price (MFP) reimbursement model is projected to have a severe impact on cash flow. An analysis by Three Axis Advisors estimates that the delayed manufacturer refund mechanism will create a weekly cash flow shortfall of **$10,838.25** per pharmacy [2]. Furthermore, the elimination of previously realized margins on these negotiated drugs is expected to result in an annual revenue loss ranging from **$40,279 to $46,476** per pharmacy [2]. This represents a significant new financial burden that was not present in the previous year, compounding the ongoing pressures from the "DIR hangover" that began in 2024.

3 The GLP-1 Paradox: High Volume, Low Profit

The market for GLP-1 receptor agonists (e.g., Ozempic, Wegovy, Mounjaro) has become a central paradox for independent pharmacies in 2025. These medications have driven unprecedented prescription volume and are responsible for over **80%** of the dispensing revenue growth in the retail pharmacy sector [4]. The demand has been explosive, with GLP-1s now capturing **56%** of the diabetes treatment market and accounting for **6.5%** of all prescriptions in the United States as of September 2025 [3][6].

A major positive development in 2025 was the resolution of the widespread supply shortages. The FDA officially declared the shortage of semaglutide (the active ingredient in Ozempic and Wegovy) resolved on **February 21, 2025** [7]. This stabilization, however, led to the end of the grace period for compounded versions on May 22, 2025, shifting demand back to the higher-cost branded products and further pressuring pharmacy margins [8].

Despite the surge in volume and revenue, profitability remains elusive. The vast majority of independent pharmacists report being "upside down or in the red" on GLP-1 prescriptions, as PBM reimbursement rates frequently fail to cover the acquisition cost of these expensive drugs [3]. This creates a challenging scenario where the most in-demand products are also a primary source of financial loss, forcing pharmacies to dispense them to maintain patient relationships while absorbing the negative margin.

4 Mail-Order, Prescription Routing, and PBM Regulation

The mail-order pharmacy market continues its aggressive expansion in 2025, representing both a competitive threat and a strategic consideration for independent pharmacies. The global mail-order market is valued at **$144.72 billion** in 2025 and is projected to grow at a rapid CAGR of **17.2%** through 2032 [9]. This growth is bolstered by increasing consumer satisfaction, which saw a 7-point year-over-year increase in J.D. Power's 2025 study, and a rising interest in digital pharmacy services, now favored by 63% of mail-order customers [10].

4.1 Strategic Routing and PBM Steering

For independent pharmacies, the decision of which prescriptions to fill in-house versus which to route to a mail-order partner has become a critical cash flow management strategy. This decision is complicated by the anti-competitive practices of large PBMs, which actively steer profitable specialty drug prescriptions to their own affiliated pharmacies. A 2025 FTC report revealed that PBM-affiliated pharmacies now account for **68%** of all specialty drug dispensing revenue, a significant increase from 54% in 2016 [11]. This vertical integration has prompted regulatory action, with a landmark development in April 2025 when **Arkansas became the first state to ban PBM-owned pharmacies**, signaling a potential shift in the regulatory landscape [12].

Faced with underwater reimbursements, pharmacies are making difficult choices. A concerning **12%** of negotiation-knowledgeable pharmacists are considering ceasing participation in Medicare Part D altogether due to the financial risks associated with the MFP program [13].

5 Drug Shortages and Supply Chain Integrity

While the acute GLP-1 shortages of the previous year have been resolved, the broader issue of drug shortages remains a persistent and severe challenge for independent pharmacies in 2025. Early in the year, over **200 medications** were on the FDA's national shortage list, and as of October 2025, there were still 88 active shortages for critical treatments for infections, cancer, and chronic conditions [14][15]. Industry experts predict that the number of active drug shortages could increase by more than 25% throughout 2025 [16].

This operational challenge is a top business concern, with **63%** of independent pharmacy owners placing it among their top three worries and **25%** citing it as their single greatest concern [13]. The problem is exacerbated by the financial pressures of the Medicare drug negotiation program. An alarming **93.2%** of independent pharmacists are considering not stocking, or have already decided not to stock, one or more of the first 10 drugs subject to negotiation due to the high risk of underwater reimbursements, a decision that directly impacts patient access and further constricts the local supply chain [5].

6 Revenue Diversification and the Rise of Clinical Services

To counteract the financial pressures of traditional dispensing, independent pharmacies are increasingly pivoting to become community health hubs, with a strong focus on revenue diversification through clinical services. This strategic shift is no longer an option but a necessity for survival and growth.

The most significant area of growth in 2025 has been in **point-of-care testing (POCT)** and health screenings. The number of independent pharmacies offering blood pressure monitoring, a key indicator of POCT adoption, surged by **9 percentage points** year-over-year, from 64% in 2024 to 73% in 2025 [1]. This represents the largest expansion in any clinical service category and highlights the industry's move toward providing more direct, accessible patient care. The revenue potential is substantial, with pharmacies able to charge approximately **$90 per screening test** [17].

Other key clinical services remain robust revenue streams:

- **Immunizations:** A near-universal offering, with 93% of pharmacies providing flu shots (+2 pp YoY) and 92% providing other non-flu immunizations (+1 pp YoY) [1].
- **Specialty Pharmacy:** This remains the highest growth sector, with spending on specialty drugs projected to rise by up to 11% in 2025. Medicare Part D specialty utilization alone jumped by 25% between Q1 2024 and Q1 2025 [18][19].
- **Compounding:** The U.S. compounding market is projected to reach **$6.90 billion** in 2025, growing at a steady 5.7% from the previous year, offering high-margin opportunities [20].

7 Technology, AI, and the Push for Automation

Technology investment has become a critical lever for improving operational efficiency and mitigating financial pressures. The pharmacy technology market is experiencing robust growth, with the pharmacy automation segment expected to reach **$7.19 billion** in 2025, a 7.1% increase from 2024 [21].

A major trend for 2025 is the rapid acceleration of **Artificial Intelligence (AI)** adoption. A significant strategic shift is underway, with **40%** of pharmaceutical companies, including pharmacy operators, incorporating anticipated savings from generative AI (GenAI) into their 2025 budgets [22]. This indicates a move beyond basic automation toward leveraging AI for complex tasks like inventory optimization, patient care management, and supply chain forecasting.

Key areas of technology investment include:

- **Inventory Optimization:** There is strong industry consensus that data analytics can significantly reduce costs, with 72.5% of leaders believing it can cut pharmacy operational costs by at least 10% [23].
- **Central Fill:** To optimize on-site labor and inventory, 69.6% of industry experts expect community pharmacies to increase their use of central fill services by at least 25% [23].
- **Workflow Automation:** While identified as having the greatest potential impact on efficiency, adoption is hampered by cost (cited by 35% of leaders) and resistance to change (29%) [24].

8 Workforce Trends and Operational Pressures

The independent pharmacy workforce, now numbering over **235,000** individuals, is facing significant strain in 2025 [1]. While prescription volume per store has surged by over 13%, the availability of qualified staff has not kept pace. This has created a critical bottleneck, with **41%** of pharmacy leaders now citing **workforce shortages as the single greatest barrier** to expanding clinical services and generating new revenue streams [24].

This staffing crisis is occurring at a time when the role of the pharmacist is expanding. A survey found that **75%** of retail pharmacy professionals aspire to provide more direct patient care, a goal that is difficult to achieve when daily operations are consumed by dispensing tasks and administrative burdens [24]. The industry is caught between the necessity of offering more clinical services to remain profitable and the lack of personnel required to deliver them.

This pressure underscores the urgent need for the technology and automation solutions discussed in the previous section. By automating dispensing, inventory, and administrative tasks, pharmacies can free up pharmacists and technicians to operate at the top of their license, focusing on high-value, revenue-generating clinical activities that also improve patient outcomes.

9 Strategic Recommendations for 2025 and Beyond

Based on the comprehensive analysis of the 2025 landscape, the following strategic recommendations are provided for independent pharmacy operators and the software platforms designed to support them.

9.1 For Independent Pharmacy Operators

1. **Embrace Data-Driven Prescription Analysis:** Implement software that provides real-time, prescription-level profitability analysis. It is no longer viable to dispense without knowing the net margin of each prescription against the current acquisition cost and expected reimbursement.

2. **Develop a Hybrid Fulfillment Strategy:** For consistently unprofitable maintenance medications, establish partnerships with mail-order or fulfillment centers. This preserves patient relationships while strategically outsourcing losses and protecting cash flow.

3. **Aggressively Expand Point-of-Care Testing (POCT):** Given the 9-point increase in adoption, POCT is the clear growth leader in clinical services. Invest in CLIA-waived tests for common conditions to create a new, reliable revenue stream.

4. **Optimize Inventory with AI and Analytics:** Reduce the amount of cash tied up in inventory by leveraging predictive analytics and automated reordering systems. Negotiate longer payment timelines with vendors, especially for high-cost drugs, to manage cash flow risks from the MFP program.

5. **Address the Workforce Bottleneck:** Invest in workflow automation and technician training to free up pharmacist time. Focus on retaining staff by creating career paths centered on clinical service delivery rather than just dispensing.

9.2 For Software Platform Developers

1. **Deliver Real-Time, Actionable Margin Visibility:** The most critical feature is the ability to instantly calculate the net profit or loss of a prescription *before* it is filled, accounting for all fees and costs.

2. **Build Intelligent Routing and Cash Flow Forecasting:** Develop logic that provides data-driven recommendations for whether to fill a script in-house or route it externally. Integrate

tools that forecast cash position based on prescription mix, reimbursement timelines, and the new MFP payment delays.

3. **Integrate Clinical Service Workflows:** Create seamless modules for scheduling, documenting, and billing for clinical services like POCT, immunizations, and MTM. This reduces the administrative burden and makes diversification easier to implement.

4. **Incorporate AI for Predictive Insights:** Move beyond simple reporting to offer predictive analytics for inventory management, drug shortage forecasting, and identifying patients who are candidates for clinical interventions.

~~Conclusion~~

The independent pharmacy sector in 2025 stands at a pivotal juncture, defined by a resilience that defies the severe economic headwinds it faces. The narrative has matured from a simple story of decline to a more complex picture of adaptation and strategic evolution. While the existential threat from PBM reimbursement models and new policy-driven financial burdens is more acute than ever, the industry has shown remarkable stability in its physical footprint and a strong capacity for growth in both market value and prescription volume.

The path forward is clear: survival and success are contingent on a fundamental reinvention of the independent pharmacy model. The traditional reliance on dispensing volume is no longer a viable strategy, especially when the highest-volume drugs are often dispensed at a loss. Instead, pharmacies must become agile, data-driven healthcare hubs. This requires a ruthless analysis of prescription profitability, the strategic outsourcing of financial losses through hybrid fulfillment models, and an aggressive expansion into clinical services where pharmacists can leverage their expertise to generate sustainable revenue.

Technology, particularly AI-driven analytics and automation, is the essential enabler of this transformation. It provides the intelligence needed to make critical financial decisions in real-time and frees up the sector's most valuable asset—its workforce—to focus on patient care. The software platforms that can deliver these capabilities will be indispensable partners in helping independent pharmacies not only to navigate the challenges of 2025 but to thrive in the years to come.

References

[1] National Community Pharmacists Association (NCPA). (2025, October 19). *NCPA Releases 2025 Digest Report*. https://ncpa.org/newsroom/news-releases/2025/10/19/ncpa-releases-2025-digest-re

[2] Three Axis Advisors & NCPA. (2025, January). *Unpacking the Financial Impacts of Medicare Drug Price Negotiation*. https://ncpa.org/sites/default/files/2025-01/January2025-ThreeAxisAdvis pdf

[3] Drug Topics. (2025). *GLP-1s Present Profitability Challenges to Independent Pharmacies | AAP 2025*. https://www.drugtopics.com/view/glp-1s-present-profitability-challenges-to-independent

[4] Drug Channels. (2025, March). *The Top 15 U.S. Pharmacies of 2024: Market Shares and Revenues*. https://www.drugchannels.net/2025/03/the-top-15-us-pharmacies-of-2024-market.html

[5] National Community Pharmacists Association (NCPA). (2025, January 27). *Final Executive Summary: NCPA Member Survey*. https://ncpa.org/sites/default/files/2025-01/1.27.2025-FinalExecSummary.NCPA_.MemberSurvey.pdf

[6] JAMA Health Forum. (2025). *Turnover in the US Retail Pharmacy Market*. https://jamanetwork.com/journals/jama-health-forum/fullarticle/2836775

[7] U.S. Food and Drug Administration (FDA). (2025). *FDA clarifies policies for compounders as national GLP-1 supply begins to stabilize*. https://www.fda.gov/drugs/drug-safety-and-availability/fda-clarifies-policies-compounders-national-glp-1-supply-begins-stabilize

[8] American Board of Cosmetic Surgery. (2025). *What Patients Need to Know About the GLP-1 FDA Policy Changes*. https://www.americanboardcosmeticsurgery.org/news/may-2025-glp-1-fda-policy-c

[9] Coherent Market Insights. (2025). *Mail Order Pharmacy Market*. https://www.coherentmarketinsights.com/industry-reports/mail-order-pharmacy-market

[10] J.D. Power. (2025). *2025 U.S. Pharmacy Study*. https://www.jdpower.com/business/press-releases/2025-us-pharmacy-study

[11] Federal Trade Commission (FTC). (2025, January). *FTC Releases Second Interim Staff Report on Prescription Drug Middlemen*. https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-releases-second-interim-staff-report-prescription-drug-middlemen

[12] Avalere Health. (2025). *Implications of PBM-Pharmacy Co-ownership Legislation*. https://advisory.avalerehealth.com/insights/implications-of-pbm-pharmacy-co-ownership-legislation

[13] Avalere Health. (2025). *Independent Pharmacy Challenges and Adaptive Strategies*. https://advisory.avalerehealth.com/insights/independent-pharmacy-challenges-and-adaptive-strategies

[14] NCPDP. (2025, May). *Improving Access, Reducing Delays*. https://ncpdp.org/Blog/May-2025-(1)/Improving-Access,-Reducing-Delays-Inside-NCPDP-and

[15] U.S. Food and Drug Administration (FDA). (2025). *Drug Shortages*. https://www.accessdata.fda.gov/scripts/drugshortages/default.cfm

[16] Journal of Managed Care & Specialty Pharmacy (JMCP). (2025). *JMCP 2025;31(2-a):S25*. https://www.jmcp.org/doi/10.18553/jmcp.2025.31.2-a.s25

[17] Drug Topics. (2025). *Pharmacists Emerge as Access Points for Patient Care*. https://www.drugtopics.com/view/pharmacists-emerge-as-access-points-for-patient-care-in-evolving-health

[18] Milliman. (2025). *2025 Medicare Part D: Increase in specialty drug spend*. https://www.milliman.com/en/insight/2025-medicare-part-d-increase-specialty-drug-spend

[19] PSG Consults. (2025). *Annual Spending on Specialty Drugs Continues to Increase*. https://www.psgconsults.com/press-release/annual-spending-on-specialty-drugs-continues-to-increase-but-

[20] NovaOne Advisor. (2025). *U.S. Compounding Pharmacies Market*. https://www.novaoneadvisor.com/report/us-compounding-pharmacies-market

[21] MarketsandMarkets. (2025). *Pharmacy Automation Market*. https://www.marketsandmarkets.com/Market-Reports/pharmacy-automation-systems-market-71522890.html

[22] Pharmacy Times. (2025). *Strategic AI Budgeting for Pharmacies in 2025*. https://www.pharmacytimes.com/view/strategic-ai-budgeting-for-pharmacies-in-2025

[23] Journal of Managed Care & Specialty Pharmacy (JMCP). (2025). *Emerging trends in pharmacy operations*. https://www.jmcp.org/doi/10.18553/jmcp.2025.31.2-a.s25

[24] Wolters Kluwer. (2025). *Retail Pharmacy's Next Chapter: Insights from NACDS 2025*. https://www.wolterskluwer.com/en/expert-insights/retail-pharmacy-next-chapter-insights-from-nacds-2