Peter Mucchetti, Chief

Healthcare and Consumer Products Section, Antitrust Division

Department of Justice

450 Fifth Street NW, Suite 4100

Washington, DC 20530

December 7, 2018

Re: CVS-Aetna Proposed Merger

Dear Mr. Mucchetti,

My name is David Benoit. I am a pharmacist and for over twenty years, I have worked in the business of independent community pharmacy at Northeast Pharmacy Service Corporation (NPSC), a group purchasing organization. On behalf of NPSC and the over 280 participating independent community pharmacies we represent, I am writing this letter to voice our opposition to the CVS-Aetna merger.

First we would like to point out the we agree with California Insurance Commissioner Dave Jones, who published his [opposition](http://www.insurance.ca.gov/0400-news/0100-press-releases/2018/release085-18.cfm) to the proposed CVS-Aetna merger on August 1, 2018. Specifically he stated:

*"The proposed merger of CVS and Aetna will significantly reduce competition in the PBM and Medicare Part D markets, affecting millions of health care consumers throughout the country,*

*A merger of this size and type, according to experts on health insurer and health care mergers, will likely lead to increased prices and decreased quality. Further, partial divestiture or other remedies traditionally used by the Department of Justice will not adequately protect consumers or address the adverse consequences of a merger of CVS and Aetna. Traditional methods to avoid market concentration will not address potential impacts on service quality, the power to charge excessive rates, or the creation of barriers to block a potential market participant with the resources to enter into new markets.”*[[1]](#footnote-1)

We at NPSC believe that this proposed $69 billion merger would lead to a “significant reduction” of market competition in both the pharmacy benefit manager (PBM) services market as well as the Medicare Part D prescription drug plan market for seniors. For example Mr. Jones pointed to the fact that nationally Aetna has a 9 percent market share among Part D plans while CVS Health has a 24 percent market share, with significant geographical market overlap. If the merger is allowed to proceed, Aetna would sell its Medicare Part D clients to Wellcare who is a client of CVS. This goes to show that the increasing market concentration that we are witnessing in the payer industry would reduce competition of Medicare Part D plans for senior consumers and would likely result in a significant uptick in Part D premiums. This would be detrimental for patient access to much needed medications, especially for those seniors on fixed incomes that would have a difficult time adjusting to increased prices.

Additionally, with the increased mergers we have witnessed between payers and PBMs, this proposed merger if allowed will put the insurance market at a “tipping point,” where it will put insurers that don’t own their own PBM at a significant market disadvantage.

Lastly, we would like to point out that Congress is raising concerns about this proposed merger. In an August 14, 2018 [news release](https://www.grassley.senate.gov/news/news-releases/grassley-requests-robust-antitrust-review-pharmaceutical-supply-chain-mergers), Senator Chuck Grassley (R-IA) who is Chairman of the Senate Judiciary Committee wrote a letter to Assistant Attorney General for Antitrust Makan Delrahim requesting that the Department of Justice conduct a vigorous review of the proposed mergers of Cigna Corp. with Express Scripts Holding Co., and CVS Health Corp. with Aetna Inc. The letter stated:

*“Over the past several years, consumers have faced substantial increases in drug prices across the board. . . Part of Congress’s role is to encourage new strategies and experimentation among these market participants to drive down drug prices. To that end, vertical integration, like the proposed transactions, can often result in increased efficiencies and consumer benefits, and should be evaluated accordingly,” Grassley wrote. “Such integration, however, can also lead to increased barriers to entry for competition in each standalone market. As such, we must ensure that these transactions do not foreclose competition and consumer access, or hinder innovation, especially in underserved rural areas.”*

We at NPSC and I as a pharmacist strongly oppose the merger of CVS and Aetna. We hear from pharmacies constantly about the unfair business practices that PBMs have leveled against pharmacies for a number of years due to lack of transparency requirements nationwide. This current business environment has already led to a strain on patient access and a downward spiral of adequate and fair reimbursement for pharmacies. I believe that if approved this proposed merger would further exacerbate the problem, which will ultimately result in increased prescription drug prices, reduced provider and patient choice and a stifling of innovation in Medicare Part D stand-alone prescription drug plans, pharmacy benefit management services, health insurance, and retail pharmacy.

Thank you for your attention to this matter.

Respectfully,

David Benoit, MHP, RPh

VP, Patient Care Services

Northeast Pharmacy Service Corporation

1. California Insurance Commissioner Dave Jones urges U.S. Justice Department to block merger of CVS and Aetna, August 1, 2018 <http://www.insurance.ca.gov/0400-news/0100-press-releases/2018/release085-18.cfm> [↑](#footnote-ref-1)