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As House Panel Examines Health Industry Consolidation, NCPA Urges Congress to Oppose Express Scripts-Medco Merger

ALEXANDRIA, Va. (Sept. 9, 2011) – As Congress examines the dangers of excessive consolidation in the health care industry, lawmakers should oppose the proposed mega-merger of pharmacy benefit managers (PBMs) Express Scripts, Inc. and Medco Health Solutions, Inc., the National Community Pharmacists Association (NCPA) (http://www.ncpanet.org/) told a House subcommittee. NCPA's comments were provided to the House Ways and Means Health Subcommittee, which held a hearing today on Health Care Industry Consolidation.

In its comments to the subcommittee (http://www.ncpanet.org/pdf/leg/sep11/ncpa_statement_hor_wm_re_hcic.pdf), NCPA argued that the consolidation that has pervaded the PBM market in recent years has generally resulted in "higher drug costs, decreased patient access to pharmaceutical care and lower quality of care." As one example, the association cited the CVS Caremark union, currently under investigation by the Federal Trade Commission (FTC) and about 20 state attorneys general.

NCPA's comments also took aim at the recently announced Express Scripts-Medco merger.

"The resulting merger will harm patients by reducing choice, decreasing access to pharmacy services and ultimately leading to higher prescription drug costs paid by plan sponsors and consumers," the group said. "As community pharmacists whose primary concern is patient-well-being, NCPA fervently opposes the proposed merger and asks Congress to do the same."

NCPA's statement reiterated the three chief ways the merger will harm an already dysfunctional system. First, the combined entity would dominate the country's largest health plan market, including major government programs, leaving those patients and plan sponsors with virtually no ability to "shop around" with alternative vendors. Second, the combined entity would control 52 percent of the ultra-expensive specialty pharmacy segment – easily the fastest-growing part of pharmacy. Third, the merger would put in one company's hands nearly 60 percent of the mail order pharmacy business; again, leaving patients and clients with greatly reduced competition.

To allow patients and health plan sponsors to enjoy the choice and lower costs associated with robust competition, NCPA also urged lawmakers to support two legislative proposals:

H.R. 1946, the Preserving Our Hometown Independent Pharmacies Act. The bill would help level the playing field by allowing independent community pharmacies to join together in contract negotiations with PBMs. By giving community pharmacies negotiating clout similar to large, national pharmacy chains, the legislation would facilitate greater competition and more patient-friendly pharmacy contracts.

H.R. 1971/S. 1058, the Pharmacy Competition and Consumer Choice Act. The bill provides basic protections to consumers and health plans to ensure pharmacy benefit dollars are spent wisely, while partially leveling the playing field for independent community pharmacies.

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