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NCPA Warns of Dangers of Express Scripts-Medco Merger at U.S. Senate Hearing

ALEXANDRIA, Va. (Dec. 6, 2011) – Sue Sutter, RPh, owner of three community pharmacies in Wisconsin and [National Community Pharmacists Association](http://www.ncpanet.org/) (NCPA) (<http://www.ncpanet.org/>) member, [testified](http://www.ncpanet.org/pdf/leg/dec11/senate_judiciary_sub_hearing.pdf) (www.ncpanet.org/pdf/leg/dec11/senate_judiciary_sub_hearing.pdf) today at the U.S. Senate Judiciary Subcommittee on Antitrust, Competition and Consumer Rights hearing entitled, “The Express Scripts/Medco Merger: Cost Savings for Consumers or More Profits for the Middlemen?”

She urged Senators to press the Federal Trade Commission (FTC) to block the mega-merger of pharmacy benefit managers (PBMs) Express Scripts, Inc. and Medco Health Solutions, because it would further:

- Reduce competition in the delivery of pharmacy benefits for consumers and health plan sponsors, thereby subjecting both to higher prices and inferior service;
- Threaten the existence of community pharmacies and pharmacy access in the underserved communities they provide to; and
- Limit patient choice on where they fill their prescriptions by facilitating more PBM-imposed, mandatory mail order requirements.

“If the FTC allows this merger, it will make an already bad situation even worse for small community pharmacies and the patients that we serve,” said Sutter. She predicted “unparalleled market concentration in the PBM industry with the merged entity controlling anywhere from one-third to two-thirds of all prescriptions filled in community pharmacies. This market dominance and significant reduction in competition will result in reduced choices for federal and state programs and third party payers, decreased patient access to pharmacy services and ultimately lead to higher prescription drug costs paid by plan sponsors and consumers.”

For community pharmacy owners like Sutter who must sign onerous contracts with PBMs to have access to patients, further consolidation likely would mean further cuts of all-time low pharmacy reimbursements from PBMs. These cuts will only serve to increase PBM profits while threatening the viability of community pharmacies and reducing patient access to care. The merged company’s likely fix for these dire outcomes will be to force community pharmacy patients into PBM-owned mail order pharmacies to fill their prescriptions at higher costs to health plans.

“Express Scripts and Medco have claimed that the combination of these two companies would create an entity with the negotiating leverage that will enable it to create greater efficiencies in

the pharmaceutical supply chain that it could in turn pass along to plans and consumers," said Sutter.

"They have claimed they can do this by squeezing manufacturers and pharmacies. I can tell you there is nothing left to squeeze. If their claims are true, why do copays continue to increase, health plan costs continue to increase, pharmacy reimbursement goes down, while PBMs enjoy record profits? Where is the money going?"

Sutter's written testimony was accompanied by an economic estimate of the merger's impact on Connecticut, Iowa, Minnesota, New York, Texas, Utah and Wisconsin (states represented by Senators on the subcommittee). The analysis was further supplemented with comments from community pharmacy owners in each of these states providing examples of their past experiences with these companies. In addition, accompanying the testimony were examples of alleged overshipping by various PBM mail order facilities, including Express Scripts and Medco, in a presentation entitled, "[Waste Not, Want Not.](http://www.ncpanet.org/pdf/leg/sep11/mail_order_waste.pdf)" (www.ncpanet.org/pdf/leg/sep11/mail_order_waste.pdf)

"We have estimated that the merger, if approved, will cost the state of Wisconsin \$68 million in sales and tax revenues annually and approximately 1,350 jobs and will send these precious resources to an out-of-state mail order pharmacy," said Sutter "The loss of pharmacies in rural communities could mean the end of primary health care for millions of individuals."

The U.S. House Judiciary Subcommittee on Intellectual Property, Competition and the Internet previously held a hearing on the PBM mega-merger on [Sept. 20](http://www.ncpanet.org/index.php/news-releases/1145-pharmacists-express-scripts-medco-merger-would-raise-prescription-drug-costs-reduce-patient-choice-of-pharmacy) (<http://www.ncpanet.org/index.php/news-releases/1145-pharmacists-express-scripts-medco-merger-would-raise-prescription-drug-costs-reduce-patient-choice-of-pharmacy>), where Pennsylvania community pharmacy owner and NCPA member Joe Lech, RPh, offered similar testimony. Momentum against the merger has manifested in the form of [letters](http://www.ncpanet.org/index.php/news-releases/1185-congressional-questions-mount-on-express-scripts-medco-mega-merger) (<http://www.ncpanet.org/index.php/news-releases/1185-congressional-questions-mount-on-express-scripts-medco-mega-merger>) and [press events](http://www.ncpanet.org/index.php/news-releases/1197-lawmakers-pharmacists-rally-against-express-scripts-medco-merger-proposal-at-us-capitol-) (<http://www.ncpanet.org/index.php/news-releases/1197-lawmakers-pharmacists-rally-against-express-scripts-medco-merger-proposal-at-us-capitol->) expressing concern or outright opposition from 27 U.S. Senators and Representatives, along with a broad coalition of consumer and business groups who see Express Scripts, Medco and their shareholders as being the only beneficiaries of the merger.

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The National Community Pharmacists Association (NCPA®) represents the interests of America's community pharmacists, including the owners of more than 23,000 independent community pharmacies. Together they represent a \$93 billion health care marketplace, dispense over 37% of all retail prescriptions, and employ more than 315,000 people, including 62,400 pharmacists. Independent community pharmacists are readily accessible medication experts who can help lower health care spending. They are committed to maximizing the appropriate use of lower-cost generic drugs and reducing the estimated \$290 billion that is wasted annually by improper medication use. To learn more go to www.ncpanet.org or read NCPA's blog, The Dose, at <http://ncpanet.wordpress.com>.