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Joe Courtney
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August 25, 2011

The Honorable Jon Leibowitz
Chairman
Federal Trade Commission
600 Pennsylvania Avenue N.W.
Washington, D.C. 20580

Dear Chairman Leibowitz:

I write today to express my concern about the proposed merger between Express Scripts and Medco, two of the largest operating pharmacy benefit managers (PBMs).

Like many of my colleagues, I have concerns that the proposal will lead to further market concentration in an industry -- where there are already few choices -- without realizing cost savings for consumers. At the same time, this concentration will squeeze community pharmacies, forcing some out of business and creating job losses. Considering job loss and other economic consequences are at stake, I would encourage you to reject the Express Scripts-Medco merger.

The opportunity to leverage economies of scale and realize cost savings for consumers and the American taxpayer has been cited by proponents of the proposed merger. However, there is little evidence that increased market concentration of Express Scripts will significantly lower costs for consumers or the American taxpayer. Rebates generated from pharmaceutical manufacturers will likely become larger. And, the differences in negotiated reimbursements with insurance providers and pharmacies for dispensing medications will also likely increase. However, based on empirical evidence, the exchange between price reductions and consumer savings may not be equal.

In Connecticut and around the country, we have already seen some of the consequences of limited concentration of PBMs. Onerous contracts with unrealistic pharmacy reimbursements have forced many community pharmacies out of business. Further concentration will erode already limited negotiating power, create more burdensome contracts, and in the worst scenario, force more community pharmacies out of business. At a time when our country still struggles with high unemployment, this would be another blow to our economic recovery.

The proposed Express Scripts-Medco merger will have a significant impact on the American taxpayer and small businesses in Connecticut and around the country. Again, I would encourage you to prevent these consequences by blocking the Express Scripts-Medco merger.

Thank you for your consideration and please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in blue ink that reads "Joe Courtney". The signature is written in a cursive style with a prominent initial "J" and a long, sweeping underline.

JOE COURTNEY
Member of Congress