EXHIBIT 4
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To U.S. House Panel, NACDS Emphasizes Anti-Consumer Effects of Proposed Mega-Merger of Express Scripts and Medco

September 09, 2011

Urges opposition to merger in comments to Ways and Means Subcommittee on Health

Questions whether huge PBM would live up to claims of passing along any cost-savings

Alexandria, Va. — Calling on Congress to scrutinize the controversial proposed merger of two large pharmacy benefit management (PBM) companies, today the National Association of Chain Drug Stores (NACDS) submitted comments to the U.S. House of Representatives Ways and Means Subcommittee on Health emphasizing its opposition to the proposed Express Scripts and Medco. The House panel held a hearing today titled “Health Care Industry Consolidation.”

In the comments, NACDS outlined the problems that would result from this mammoth middlemen merger, including reduced PBM competition, anti-competitive concentration in the PBM market and lack of choice for patients to obtain their prescription medications and other pharmacy services. The letter also denounced claims that PBMs reduce costs in the healthcare system.

“This proposed merger, if allowed, would have grave consequences for consumers and the nation’s community pharmacies that serve them, as well as for health plans and employers that utilize PBM services including Medicare Part D, specialty pharmacy services, and mail order pharmacy services. In fact, just last week the FTC issued a ‘Second Request’ to Express Scripts and Medco to gather more data on the merger. Clearly, this proposed merger should be subject to a high level of scrutiny,” the comments stated.

NACDS stressed that the anti-competitive nature of this merger will ultimately hurt patients the most, limiting their choice in how and where they obtain their pharmacy services and prescription medications.

“The proposed merger of Express Scripts and Medco would result in unparalleled market concentration in an already extremely limited marketplace. Express Scripts and Medco are two of the ‘Big Three’ PBMs that control 50-60% of the national overall prescription drug volume. If approved, approximately 1/3 of all Americans (roughly 135 million people) would rely on the new ‘super PBM’ to manage their prescription benefits. Certain classes of customers such as large, complex health plans would be left with only two choices for PBM services, the merged entity and the one remaining large PBM,” the comments stated.

NACDS also emphasized that due to “allegations of extensive deceptive and fraudulent practices,” PBMs are not the money-saving entities they claim to be.

“PBMs operate unregulated and in an opaque manner. They claim that they save money by negotiating rebates and discounts from drug manufacturers and negotiating lower reimbursement rates from pharmacies. However, there is no proof that they pass along any of this purported savings to health plans, employers, and ultimately to consumers. In recent years, cases brought by a coalition of over 30 State Attorneys General have resulted in over $370 million in penalties for deceptive and fraudulent conduct. In essence, the PBM uses lack of transparency to negotiate higher rebates from drug manufacturers, higher drug prices for health

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plans/employers, and lower payments to pharmacies, while keeping the gains for itself," NACDS stated in its comments.

The PBMs also claim that they help drive down health costs by utilizing mail-order for prescription medications. However, their increased market share will eliminate patient access to community pharmacy and force consumers and employers to instead use their mail-order system only. In addition, NACDS highlighted research that shows that community pharmacy – not PBMs – have higher generic drug dispensing rates than retail community pharmacies.

“Although the merging firms may claim that shifting prescriptions to mail order prescriptions from retail community pharmacies will drive down drug costs to consumers, their increased market power is likely to result in an artificially high reduction in prescriptions filled through community pharmacies, and increased costs for payors and beneficiaries. A ‘super PBM’ would be even more likely to increase drug costs by shifting more patients to mail order, which utilizes more expensive, brand name drugs. This increased cost would be borne by health plans including Medicare Part D, employers, and ultimately consumers," the comments stated.

“NACDS thanks the Committee for consideration of our comments on healthcare industry consolidation. We are extremely skeptical that the American public can trust a ‘super PBM’ to look out for the best interests of patients and payors, including Medicare Part D, or to pass any purported ‘savings’ along to beneficiaries and other consumers. These concerns are compounded by the fact that the PBM industry as a whole is virtually unregulated,” NACDS concluded in its comments.

To view the comments, please click here.