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Pharmacists: Express Scripts-Medco Merger Would Raise Prescription Drug Costs, Reduce Patient Choice of Pharmacy

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Congressional Hearing Comes as Consumer Groups Announce Opposition to the Merger

Alexandria, Va. - September 20, 2011

The mega-merger of giant pharmacy benefit managers (PBMs) Express Scripts, Inc. and Medco Health Solutions, Inc., would subject consumers and health plan sponsors to fewer pharmacy choices and higher prescription drug costs, the [National Community Pharmacists Association](#) (NCPA) said in [testimony before](#) the House Judiciary Subcommittee on Intellectual Property, Competition and the Internet.

NCPA member Joseph Lech, RPh, of Lech's Pharmacy of Northeastern Pennsylvania, testified on behalf of more than 23,000 independent community pharmacies nationwide and the patients they serve.

"Over my 25 years in pharmacy, I have seen the large pharmacy benefit managers relentlessly gobble up smaller and medium-sized PBMs to reduce competition. The result is a highly-concentrated, consolidated marketplace. Yet, drug spending continues to go up, not down," Lech said.

Lech warned that the Express Scripts-Medco merger represented a "tipping point" in PBM consolidation. He said its approval "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 chorus of voices opposed to the Express Scripts-Medco merger also grew louder today with the weighing in of Consumers Union (the publisher of *Consumer Reports*), Consumer Federation of America, U.S. Public Interest Research Group (or PIRG), National Consumers League and the National Legislative Association on Prescription Drug Prices (or NLARx) due to its "potential for significant consumer harm" and reduced patient choice.

"This merger will significantly reduce competition among the major PBMs," the groups wrote in a [letter](#) to the Federal Trade Commission, which is reviewing the merger. "By reducing market rivalry, Express Scripts-Medco is likely to charge more for its services as well as to pass on less savings obtained through rebates to public and private payors. Ultimately, consumers will bear these price increases in the form of higher premiums."

Lech also noted the following in his testimony to the committee:

The merger's anticompetitive effects are likely to be most severe for sponsors of the largest U.S. health plans, where the already limited PBM options would drop from three to two, and in the "specialty" and mail order pharmacy markets. ESI-Medco would make up more than a 50 percent share of specialty and close to 60 percent of all mail order.

The greater efficiencies claimed by Express Scripts and Medco are "empty promises" and contradicted by the results of past industry consolidation.

There is no guarantee that any alleged savings would be passed on to patients, while local jobs and tax revenue would suffer from the merger as pharmacies are closed and patients forced to use out-of-state mail order.

PBMs routinely deny patients the choice of where they fill their prescriptions by aggressively pushing them to



NCPA member Joseph Lech, RPh, testifies before Congress on the proposed Express Scripts-Medco merger

PBM-owned mail order facilities—an anticompetitive practice that is likely to worsen post-merger.

Lech recalled helping a man who was evacuated from his house by boat—due to the recent Hurricane Irene flooding—before he could retrieve his 16 prescriptions. Lech asked, "But what would happen in cases such as this if pharmacies like mine disappeared from the communities that rely on them?"

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, pharmacy franchises, and chains. Together they represent a \$93 billion health-care marketplace, have more than 315,000 employees including 62,400 pharmacists, and dispense over 41% of all retail prescriptions. To learn more go to www.ncpanet.org or read NCPA's blog, *The Dose*, at <http://ncpanet.wordpress.com>.

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