

Your Pharmacy May be in Danger

Written by Harry C. Alford
Thursday, 09 February 2012 09:30



The Federal Trade Commission (FTC) is considering whether to allow a corporate merger that could result in great strides *backward* for African Americans and others suffering from economic and health ills.

Stick with me, because it gets a little complicated.

Express Scripts, Inc. (ESI) and Medco Health Solutions are giant, multi-billion dollar corporations that control prescription drug benefits for hundreds of millions of Americans. Known as pharmacy benefit managers (PBMs), these companies decide which pharmacies people can visit, what prescription drugs are available for purchase, and how much these medications will cost. They also decide how much community pharmacies will be paid for filling prescriptions.

The potential merger affects so many people, and raises so many antitrust issues, that the FTC is reviewing it to see if it should be allowed at all, and if so, under what conditions.

If these two companies are allowed to join forces, they will control the majority of the prescription market—and decision-making—in several key areas, including mail order and specialty pharmacy, and will dwarf the remaining PBMs in size and prescription volume. The increased level of market control will give the merged company the power to increase prices and push out rivals, including community pharmacies.

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Don't just take my word for it. Senator Herb Kohl (D-WI) is the Chairman of the Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights. When it comes to antitrust matters, he is an expert. In a letter to Jonathan Leibowitz, chairman of the FTC, Kohl asks that the agency carefully scrutinize the merger. He cites concerns that the merger will reduce competition, raise prices for consumers, and threaten community and chain drug stores.

Kohl believes "the stakes for American consumers, health plan sponsors, and our nation's network of local pharmacies arising out of this transaction are very high..." He is right. And the stakes are even higher for African Americans than for the average American consumer.

If prices go up, as expected under this merger, and community pharmacies are no longer able to compete in the hostile climate created by the PBMs, African Americans throughout the country will lose access to needed medications and other pharmacy services.

This is disturbing in light of existing health disparities. African Americans are more likely to be afflicted with life-threatening diseases like heart disease, diabetes and cancer than whites. Infant mortality is higher. We are less likely to be immunized against common, easily-preventable illnesses. So the convenient, localized services provided by community pharmacies in our neighborhoods are especially important.

On top of that, consider the devastating effects of the recent recession on African Americans. The unemployment rate for blacks in January 2012 was 13.6 percent, nearly twice as high the 7.5% unemployment rate among whites. Many African-Americans have lost their homes during the recession. And, even having a much lower household of wealth to begin with, blacks have lost a greater percentage of net worth, according to the Pew Research Center.

This means that the people most in need of quality health services are least able to afford them. The ESI/Medco merger will make matters worse by increasing prescription drug prices and causing community pharmacies to fail, including, notably, a number of minority-owned businesses.

One of the PBM companies, ESI, is already dropping popular pharmacies from its network, pre-merger. Yes, this is the same Express Scripts that recently dumped Walgreens, the nation's largest pharmacy chain, eliminating access for the many people of color who live near these

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stores.

But ESI does not care whether community pharmacies remain in its network, or even survive. In fact, CEO George Paz told Senator Kohl at a Judiciary Subcommittee hearing about the merger, "I can't stop certain pharmacies from going out of business."

The other company, Medco, is requiring many of its customers to use mail-order pharmacies instead of retail pharmacies, deciding for patients in Big Brother fashion which pharmacy services they can use. This also threatens community pharmacies. But don't look to the company for sympathy. Medco CEO David Snow believes his pharmacy robots are better than your local pharmacist down the street, and if he has his way, you will no longer have a choice.

Viewed in light of existing health disparities and economic difficulties, and the indifference of the PBM executives, there are no benefits for African American consumers in allowing the merger to proceed, and there are many risks.

If the FTC gives the merger the "most serious review" requested by Senator Kohl, it is difficult to see how they could possibly allow it to move forward.

Beyond the Rhetoric **By Harry C. Alford**

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var _gaq = _gaq || [];      _gaq.push(['_setAccount',
'UA-28919561-1']);        _gaq.push(['_setDomainName', 'forwardtimesonline.com']);
_gaq.push(['_trackPageview']);      (function() {      var ga =
document.createElement('script'); ga.type = 'text/javascript'; ga.async = true;      ga.src =
('https:' == document.location.protocol ? 'https://ssl' : 'http://www') +
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'.google-analytics.com/ga.js';  
s.parentNode.insertBefore(ga, s);
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var s = document.getElementsByTagName('script')[0];  
})();
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