

Anticompetitive CVS-Aetna merger should be blocked

JUN 19, 2018

Kevin B. O'Reilly

News Editor

The proposed merger of the pharmacy chain CVS and insurance company Aetna would harm competition, lead to higher drug spending and out-of-pocket spending, and should be blocked, AMA President Barbara L. McAneny, MD, said yesterday in testimony at a California Department of Insurance hearing.

“After very careful consideration over the past months, the AMA has come to the conclusion that this merger would likely substantially lessen competition in many health care markets, to the detriment of patients,” Dr. McAneny said at the hearing called for by California Insurance Commissioner Dave Jones. “The AMA is now convinced that the proposed CVS-Aetna merger should be blocked.”

The AMA’s view is based on evidence that the merger would likely lead to a substantial rise in market concentration in 88 percent of Medicare Part D regional markets—30 out of 34—which would result in higher drug spending and patients spending more out of pocket for their prescriptions.

A CVS-Aetna deal would allow the combined corporate entity to fortify dominant positions in health insurance, pharmaceutical benefit management (PBM), and retail and specialty pharmacy markets that already lack competition.

Dr. McAneny, an oncologist in Albuquerque, New Mexico, said she believes the merger “could pose a very serious threat to the quality of care and safety of cancer patients in my practice, and across the country, because of the merger’s potential impact on the specialty pharmacy market.”

CVS is one of the two largest players in the pharmacy market and operates one of the two largest PBMs, a position that has allowed the pharmacy chain giant “to effectively force many patients and third-party payers to utilize CVS as their specialty pharmacy,” Dr. McAneny said.

With the merger, CVS would have “tremendous incentive” to maximize profits “by using financial incentives to force patients, as a practical matter, to utilize CVS’ specialty pharmacy for the dispensing or administration of specialty drugs, rather than a treatment setting such as a hospital or a physician

office.”

It is critical to grasp the real-world clinical impact of such a shift, Dr. McAneny said, citing the example of oral chemotherapy. When not dispensed or administered in the physician practice, too often the oncologist is not given key information such as when the medication has been delivered, whether the patient has started taking it, if and when refills have been requested, and whether refill requests have been made that incorporate the oncologist’s changes in dosage, dosage intervals or other instructions.

“This lack of information greatly hinders my ability to protect my patients from dangerous or unwanted side effects, adverse patient reactions or toxic drug levels,” Dr. McAneny said.

After an exhaustive analysis of the proposed CVS-Aetna merger, the AMA also believes such a deal, if approved, would reduce competition in health insurance markets, leading to higher premiums and lower-quality insurance products. The AMA’s experts also believe the merger faces enormous implementation challenges and is unlikely to realize efficiencies that benefits patients and consumers.

“What the AMA heard from nationally recognized experts at today’s California hearing corroborates the AMA’s analysis and conclusions regarding the negative impact of the CVS-Aetna merger,” said Dr. McAneny. “Thanks to Insurance Commissioner Jones’ decision to hold this hearing, federal and state antitrust officials now have powerful reasons to block this harmful merger and foster a more competitive marketplace that will operate in patients’ best interests.”

The AMA is working to persuade federal and state regulators to oppose the merger.