

## Aug. 9, 2018: Advocacy spotlight on AMA urges DOJ to block CVS-Aetna merger

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### AMA urges DOJ to block CVS-Aetna merger

In a letter (PDF) sent to the U.S. Department of Justice (DOJ), the AMA urged the DOJ to oppose to the CVS-Aetna merger. The letter expressed "concern that market concentration is a leading cause of high costs in health care" and that a merger between CVS and Aetna would "likely substantially lessen competition in many health care markets, to the detriment of patients."

The merger was first proposed in December 2017 and in February 2018 the AMA submitted a statement to the House Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law in anticipation of a hearing entitled "Competition in the Pharmaceutical Supply Chain: The Proposed Merger of CVS Health and Aetna." It was here that AMA laid out the argument that this merger had the potential to decrease competition in Medicare Part D, pharmacy benefit manager services, local health insurance, and many local retail pharmacy markets, and therefore should be closely scrutinized.

Working closely with the California Medical Association (CMA), the AMA and CMA were able to secure a June 19 hearing before the California Department of Insurance on the proposed merger. There, AMA President Barbara McAneny, MD, announced that the AMA opposed the merger. A number of antitrust experts and economists testified that the merger would be anticompetitive.

"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 during testimony. "The AMA is now convinced that the proposed CVS-Aetna merger should be blocked."

CMA modified its position on June 22 to join the AMA in opposing the merger. In a statement (PDF) delivered to the California Department of Insurance on June 29 the AMA said, "Unless blocked, this merger would likely injure consumers by raising prices, lowering quality, reducing choice and stifling innovation in five poorly performing markets in California and across the country: Medicare Part D Standalone Prescription Drug Plan, PBM services, health insurance, retail pharmacy, and specialty pharmacy."

On Aug. 1, the California Department of Insurance Commissioner Dave Jones submitted a fifteen

page statement to the DOJ concluding that a merger between CVS and Aetna would be anticompetitive, and urges the DOJ to sue to block the merger. In reaching his conclusion Commissioner Jones cited testimony given by Dr. McAneny who testified that the merger raises significant quality of care and patient safety concerns.

The AMA commends Commissioner Jones for taking a strong stand against the proposed merger of CVS Health Corporation and Aetna, and is urging other state regulators and DOJ to review the evidence and take a similar position.

Visit the AMA website for more information.

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