June 28, 2018: Advocacy spotlight on Anticompetitive CVS-Aetna merger should be blocked

Anticompetitive CVS-Aetna merger should be blocked

On June 19, 2018, AMA President Barbara L. McAneny, MD, presented testimony in a hearing before the California Department of Insurance (DOI) and California Insurance Commissioner David Jones urging regulators to block the proposed CVS-Aetna merger. The AMA commends the California DOI and Commissioner Jones for their leadership in holding this hearing to examine this massive health care merger. "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," said Dr. McAneny at the hearing.

A CVS-Aetna deal would allow the combined corporate entity to fortify dominant positions in health insurance, pharmaceutical benefit management, retail and specialty markets that already lack competition. Dr. McAneny, an oncologist, noted that 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 them "to effectively force many patients and third-party payers to utilize CVS as their specialty pharmacy," Dr. McAneny said.

Following the hearing AMA will file a post-hearing memorandum outlining its concerns, noting the potential negative consequences for health care access, quality and affordability. The filing will outline the merger's potential negative consequences for health care access, quality and affordability, including:

- An expected increase in premiums due to a substantial increase in market concentration in 30 of 34 Medicare Part D regional markets.
- An anticipated increase in drug spending and out-of-pocket costs for patients as Aetna and CVS fortify their dominant positions in the health insurance, pharmaceutical benefit management, retail and specialty pharmacy markets that already lack competition.
- Reduced competition in health insurance markets that will adversely affect patients with higher premiums and contribute to a decline in the quality of insurance.

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A foreseeable failure to realize proposed efficiencies and benefits because the merger faces enormous implementation challenges, and those efficiencies have a questionable evidence base.

To ensure patients are better served by dynamic and competitive health care markets, the AMA will endeavor to persuade federal and state regulators to oppose the merger.

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