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LETTERS TO THE EDITOR

The CVS-Aetna Merger Won't Lower Prices

Your editorial "A Merger Cure for Bigger Government" (June 5) misses the mark in its criticism of hospitals and health systems as drivers of health-care spending. Hospitals have held price growth to under 2% in recent years.

In praising the CVS-Aetna merger, you also neglect to note the benefits that hospital mergers create for communities. Per a 2017 Charles River Associates study, hospitals were able to cut annual operating expenses by 2.5% per patient admission following a merger or acquisition. These coordinated systems of care are often critical in keeping the doors open for hospitals that operate in the red. Further, by strengthening linkages to each other and to physicians, they help improve efficiency to better coordinate patient care.

Given the Journal's recent reporting on how drugmakers are raising prices on hundreds of medicines, it is also unfortunate that its editorial board would set its sights on the 340B program, which enables hospitals that care for communities with many vulnerable patients to purchase certain outpatient drugs at discounted prices. And particularly amid Big Pharma's skyrocketing price hikes—the latest iteration of which came to light in a recent lawsuit regarding an alleged "sprawling scheme to fix generic-drug prices"—340B is as important as ever for patients.

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Your editorial supporting the proposed acquisition of Aetna by CVS is surprising, as the merger is anticompetitive, would buttress fewer options and isn't in the best interest of the public. Judge Richard Le~~n is right in holding up the tie-up. Vertical and horizontal integration in health care has definitively been shown to increase costs and have no positive effect on quality.

CVS, UnitedHealth and Express Scripts, the three largest middlemen in the pharmacy business, have already been accused by watch groups, lawmakers and large employers of pocketing many of the discounts they negotiate with pharmaceutical companies rather than passing them on to patients. Incorporation of these pharmacy-benefit managers (PBMs) into the internal structure of the merged company would further obfuscate transparency for their largest revenue (read as cost to patient) stream. There is no reason to believe the new entity would start passing on theoretical savings to customers in the face of less competition.

The integration of Aetna into CVS would leave only one stand-alone company in the country large enough to provide pharmacy benefits to large employers. There is no reason to believe that fewer choices will lead to lower prices. The proposed tie-up creates an entity that would own the entire chain from the prescription written in the company-owned walk-in clinic by the company-employed medical provider to the filling of that prescription in the on-site pharmacy to the health plan that pays for that drug and service. There is no credible reason to think that further entrenchment of the industry incumbents and their transformation into giant monopolistic groups will result in any benefits to patients. We need more—not fewer—choices in health care.

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