FivePoints
PHARMACY AND WELLNESS
1108 Lake Dr
Cocoa, Fl 32922
Phone: 321-806-3951
Fax: 321-806-4754

Dear Peter Mucchetti,

I need to express my concerns regarding the CVS Health and Aetna Inc proposed merger. CVS health consistently engages in anti-competitive behavior that increases costs, limits patient choice and access to medication. CVS Health owns one of the largest retail pharmacy chains in the United States as well as a large pharmacy benefit manager (PBM.) Through this combination of companies, CVS Health can limit provider networks and benefit from self-referral contracts created through their PBM.

There is no oversight or transparency regarding pharmacy benefit managers. This allows CVS Health to use "spread pricing." CVS Health will reimburse a network pharmacy for dispensing a medication to a covered individual and then bill the health plan a much higher price. Most times the health plan is unaware this is happening. CVS Health uses direct and indirect remuneration (DIR) fees to force part-D patients into the catastrophic coverage phase. In this phase of coverage the American taxpayers foot the bill for 80% of health care expenses.

The proposed divesture of Aetna Inc's individual prescription drug plan (PDP) business does little to prevent future anti-competitive behavior. CVS Health currently manages the pharmacy benefits for WellCare, the proposed acquirer of Aenta Inc's PDP business. This leaves CVS Health in control of provider networks, drug formularies and reimbursement rates.

Lastly, health plans that own a PBM can meet medical loss ratio requirements by paying themselves. That is, a health plan that is required to spend a certain percent of premiums collected on claims can meet this requirement by paying themselves through the drug benefits. The lack of transparency and oversight of the PBM industry facilitates this tactic to a greater degree.

Thank You,

James A. Wright III, Pharm.D.
Five Points Pharmacy & Wellness
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