



The Pharmacist Activist

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Editorial

The FTC should just say **NO!** to CVS acquiring Target pharmacies and to Walgreens acquiring Rite Aid!

The three largest pharmacy chains based on the number of pharmacies are Walgreens with about 8,200 stores, CVS with about 7,800 stores, and Rite Aid with about 4,600 stores. In June it was announced that CVS would acquire the approximately 1,660 pharmacies in Target stores. In late October it was announced that Walgreens would acquire Rite Aid. Because these companies already own such a large number of pharmacies, the purchase of thousands of additional pharmacies raises important questions with respect to the extent to which there can be competition in the marketplace. Both of the planned acquisitions require regulatory approval by the Federal Trade Commission (FTC).

Even before the announcements of the planned acquisitions, there have been concerns and strong criticisms that certain policies and practices of the large chains are anticompetitive. Many of these concerns are based on CVS's ownership of Caremark, the second largest pharmacy benefits manager (please see my editorial, "CVS Caremark – An Alliance that Must be Broken" in the May 2009 issue of *The Pharmacist*

Activist). Certain of the prescription benefit plans provided by Caremark have restrictions and/or incentives for plan members to use CVS pharmacies that I consider to be blatantly anticompetitive. Earlier this year Rite Aid acquired the pharmacy benefits manager (PBM) EnvisionRx and it can be anticipated that its programs will have limitations, restrictions, and incentives similar to those in the Caremark prescription plans.

Independent pharmacies and small chain pharmacies are already at a competitive disadvantage when a large PBM such as Caremark can develop prescription benefit plans that mandate or encourage the use of pharmacies owned by its own parent company, and/or refuse to include pharmacies that might represent formidable competition in its network of participating pharmacies. The planned acquisitions by CVS and Walgreens will result in an unacceptable reduction of competition in the marketplace that is already characterized by anticompetitive practices. The FTC must DENY approval of the requests for the proposed acquisitions!

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CVS – Target

Among the large chain and big-box pharmacies, I have considered Target to be the organization whose management has demonstrated the strongest commitment to the professional role of pharmacists. Its pharmacists have been encouraged to speak with their “guests,” and most of their pharmacists with whom I have spoken enjoy their responsibilities and have a high regard and loyalty for their employer, although it is my perception that this has declined somewhat during the last several years. Target pharmacies have also received favorable ratings in consumer surveys.

Target’s pharmacies have about \$4 billion in annual sales. However, the profitability of its pharmacy operations has been described as “modestly negative.” In explaining the reasoning behind its decision to sell its pharmacies to CVS, Target’s CEO has indicated that the exceedingly complex health care business is not a good fit for Target and that the company lacks the scale and expertise to thrive in the pharmacy world.

CVS has said that it will offer the approximately 14,000 employees in the Target pharmacies and clinics comparable positions with CVS. It can be anticipated, however, that CVS will impose its metrics and other pharmacy management policies in the pharmacies that it plans to acquire from Target. Many current and former CVS pharmacists have voiced strong criticisms of what they have described as understaffed, stressful, and error-prone work environments. If the planned acquisition is allowed to occur, Target pharmacists can expect to experience major changes that I anticipate will result in a significant reduction in communication with and services for patients, as well as job satisfaction for pharmacists. Some Target pharmacists are already actively exploring unionization based on their concerns regarding the working conditions at CVS.

It is my understanding that Target will continue to have the responsibility for the sale of OTC products. This arrangement raises questions as to whether the pharmacists working under CVS staffing and other management policies will have the time to speak with customers regarding the selection and appropriate use of OTC products, particularly since the sale

of such products will not result in a financial return for the pharmacy and may even be viewed as a financial loss because of the time committed by the pharmacist to such discussions.

Walgreens – Rite Aid

Some years ago Rite Aid owned a PBM (Eagle Managed Care), but it subsequently decided to not continue in the PBM business. Recently, however, Rite Aid has again engaged in PBM ownership with its purchase of EnvisionRx. Rite Aid/EnvisionRx has the potential to establish anticompetitive programs and practices similar to those of CVS/Caremark, but it is much smaller than CVS/Caremark in numbers of pharmacies and strength in the marketplace.

If Walgreens’ plan to acquire Rite Aid is approved, the resultant organization will have more pharmacies than any other company and also own a PBM. The largest pharmacies will become even larger and be reduced in number from three to two – Walgreens/Rite Aid and CVS. No other chain pharmacy comes close in size. In the opinion of many, the existing situation in which CVS owns Caremark and mail order pharmacies is already anticompetitive. Approval of the acquisition of Rite Aid by Walgreens would create a situation in which it is even more difficult for independent and small chain pharmacies to compete.

Walgreens and Rite Aid have pharmacies that are in close proximity to each other in many communities and this is a situation that they recognize will be a concern for the government regulators. Walgreens is reported to be willing to sell or close up to 1,000 pharmacies to gain approval to acquire Rite Aid, although it expects the number it will have to divest will be less than 500. Walgreens has also been reported to indicate that the savings that would result from the acquisition would exceed \$1 billion. Where will those savings come from? A reduction in the number of pharmacists and a resultant lower budget for salaries is the most likely source.

The implications for pharmacists

CVS has indicated that it will offer Target pharmacists comparable positions in its company. However, it is my understanding

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New Drug Review

Sacubitril/valsartan (Entresto – Novartis)

Agent for Heart Failure

**New Drug Comparison
Rating (NDCR) = 4**
*(significant advantages)
in a scale of 1 to 5 with 5 being
the highest rating*

Indication:

To reduce the risk of cardiovascular death and hospitalization for heart failure in patients with chronic heart failure (NYHA Class II-IV) and reduced ejection fraction (is usually administered in conjunction with other heart failure therapies, in place of an angiotensin-converting enzyme [ACE] inhibitor or other angiotensin receptor blocker [ARB]).

Comparable drugs:

Enalapril, as well as other ACE inhibitors and ARBs that are indicated for the treatment of patients with chronic heart failure.

Advantages:

- Is more effective (based on a comparison with enalapril);
- Has a unique mechanism of action (sacubitril via its active metabolite inhibits neprilysin).

Disadvantages:

- Has a greater risk of causing angioedema;
- Is more likely to cause hypotension.

Most important risks/adverse events:

Angioedema (contraindicated in patients with a history of angioedema related to previous ACE inhibitor or ARB therapy; concurrent use with an ACE inhibitor is contraindicated; concurrent use of another ARB should be avoided; incidence is higher in Black patients than in non-Black patients); concurrent use with aliskiren (Tekturna) is contraindicated in patients with diabetes, and concurrent use should be avoided in patients with renal impairment; hypotension (risk is greater in patients treated with high doses of diuretics); hyperkalemia (serum

potassium concentrations should be monitored; risk is greater in patients with severe renal impairment, diabetes, and in those using a potassium-sparing diuretic [e.g., spironolactone], potassium supplement, or a salt substitute containing potassium); reduced renal function (renal function should be monitored in patients with renal artery stenosis or who develop a significant decrease in renal function); pregnancy (boxed warning; may cause harm to the unborn child; should be discontinued when pregnancy is determined); concurrent use with a nonsteroidal anti-inflammatory drug may cause a worsening of renal function in patients at risk; may increase lithium concentrations and risk of lithium toxicity.

Most common adverse events:

Hypotension (18%), hyperkalemia (12%), cough (9%), dizziness (6%), renal failure/acute renal failure (5%).

Usual dosage:

Should not be administered within 36 hours of switching from or to an ACE inhibitor; initial dosage - 49 mg sacubitril/51 mg valsartan twice a day; after 2 to 4 weeks, the dosage should be increased to the target maintenance dosage of 97 mg/103 mg twice a day; a reduced initial dosage of 24 mg/26 mg twice a day is recommended in patients with moderate hepatic impairment, severe renal impairment, and in patients not currently taking an ACE inhibitor or ARB or who were previously being treated with a low dosage of one of these agents (the dosage should be doubled every 2 to 4 weeks to the target maintenance dosage, as tolerated by the patient).

Products:

Film-coated tablets – 24 mg/26 mg (sacubitril/valsartan), 49 mg/51 mg, 97 mg/103 mg; an amount of 26 mg of

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that this offer applies to the pharmacists currently working in the Target stores and not to pharmacists in management. If the CVS acquisition of Target pharmacies is approved, I anticipate that many of the pharmacists currently working for Target will become sufficiently dissatisfied with the working conditions under CVS ownership that they will actively explore other opportunities. However, the employment opportunities in pharmacy have tightened to such an extent that these pharmacists will have limited options. Those pharmacists who are in a position to do so should consider opening their own independent pharmacy as close as possible to the Target store in which they are employed. Most of the patients with whom the pharmacist has developed a positive relationship will most likely switch to the new pharmacy that has been established.

If the Walgreens acquisition of Rite Aid is approved, the positions of many pharmacists will be eliminated because many of their pharmacies will have to be sold or closed as a condition of obtaining regulatory approval. It is unlikely that a pharmacist whose position will be eliminated will be interested or otherwise be in a position to buy a pharmacy as large as the one in which he or she is currently employed, even if it is available at a “bargain” price because it needs to be sold or closed. For those pharmacists whose positions are eliminated and who are in a position to do so, another alternative would be to open their own independent pharmacy in a manner similar to that described in the discussion of the proposed CVS acquisition of Target pharmacies. There is no need, however, to be concerned for the CEO of Rite Aid as it has been reported that, if he is terminated following the acquisition, he is eligible to receive \$23.4 million.

The FTC

If a company as large and generally successful as Target has difficulty operating pharmacies on a profitable basis, it is all the more difficult for an independent or a small chain pharmacy to do so. This situation in very large part is due to the anticompetitive programs and practices that currently exist. The FTC must say “NO!” to the planned acquisitions of Target pharmacies by CVS and of Rite Aid by Walgreens!

Daniel A. Hussar

New Drug Review - *continued*

valsartan in the combination product is equivalent to 40 mg of valsartan in other marketed tablet formulations.

Comments:

Sacubitril is a prodrug that is rapidly converted by esterases to LBQ657, its active metabolite with a unique mechanism of action as a neprilysin inhibitor. Neprilysin causes degradation of certain vasoactive peptides and, by inhibiting neprilysin, sacubitril/LBQ657 increases the concentrations of these peptides, thereby reducing vasoconstriction and sodium retention. The sacubitril/valsartan combination formulation is usually administered in conjunction with other heart failure therapies (e.g., beta-blockers, diuretics, aldosterone antagonists), in place of an ACE inhibitor or other ARB. Sacubitril/valsartan has been demonstrated to be superior to enalapril in reducing the risk of the study's combined endpoint of cardiovascular death or hospitalization for heart failure (21.8% compared with 26.5% with enalapril). The greater effectiveness of sacubitril/valsartan provides a significant advantage that will result in its first-line use as an alternative to an ACE inhibitor or ARB.

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