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Pharmacists ask regulators to examine CVS Caremark

By TOM MURPHY AP Business Writer



INDIANAPOLIS -- A pharmacists association on Wednesday accused CVS Caremark Corp. of waging unfair competition and asked for a Federal Trade Commission investigation.

The National Community Pharmacists Association has accused Woonsocket, R.I.-based CVS of using sensitive patient information and copayment manipulation to steer patients to its pharmacies and drug mail-order businesses. The Alexandria, Va.-based association met with the Federal Trade Commission and also has talked to members of Congress.

"We believe CVS Caremark is taking away fundamental rights of patients to choose their own pharmacy, and that message is getting a very receptive ear on Capitol Hill," said John Coster, the association's senior vice president of government affairs, during a conference call with reporters.

CVS said in an e-mailed statement the association mischaracterizes its business practices.

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The company bought Caremark in 2007 in a deal worth more than \$26 billion. CVS runs more than 6,900 retail pharmacies, and Caremark manages drug benefits for health plan sponsors and members.

Association spokesman Kevin Schweers said CVS uses the possibility of higher copayments to push customers to switch from community drug stores to a CVS store or its mail-order business.

The association, which represents mostly independent pharmacies, provided several examples of letters it said were sent from CVS to benefits plan customers telling them that prescriptions will either no longer be filled at another store or they will be subjected to higher copayments.

The letters also mention potential savings on 90-day prescriptions filled through either a CVS pharmacy or its mail-order business.

Schweers also said CVS can use pricing and patient data it collects through Caremark to market to people who don't use CVS pharmacies. He said nothing prevents CVS from mining all the data it receives for useful information.

"It's a one-way street," he said. "Because Caremark is so huge, they have information not just on the other stores but on all of the people that they cover.

"No community pharmacy or other rival has any similar access to that kind of data."

Pharmacies have to send sensitive business and patient information to Caremark in order to bill a patient's insurer, said association president Holly Whitcomb Henry. The association would like to see a firewall established to prevent CVS from using the information for marketing.

Whitcomb Henry said the association presented several examples to the Federal Trade Commission, and she was "cautiously optimistic."

A commission spokeswoman declined to comment.

CVS said in its statement that the Caremark deal makes "pharmacy health care more accessible, more effective and more affordable."

"Our integrated pharmacy and PBM operations provide greater choice and more convenience for patients, improve health outcomes and lower overall health care costs for plan sponsors and participants," the statement said.

CVS shares fell 3 percent, or \$1.03, to \$31.95 in trading Wednesday.