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Senators Urge CVS Caremark Probe in Letters to FTC (Update1)

By Carol Wolf - Jul 30, 2009

July 30 (Bloomberg) -- CVS Caremark Corp. should be investigated and the merger creating the combined drugstore chain and benefits manager should be reexamined, U.S. senators said in letters to antitrust regulators.

The 2007 combination of Caremark and CVS “created a heightened opportunity for anticompetitive conduct in the prescription drug market,” said North Dakota Democrat Byron Dorgan, Wisconsin Democrat Russ Feingold and Minnesota Democrat Amy Klobuchar in a July 28 letter to the Federal Trade Commission. The merger has hurt “Main Street” pharmacies, the three lawmakers said.

In a letter dated July 23, Arkansas Democrat Mark Pryor and Mississippi Republican Roger Wicker asked the FTC to “take appropriate action if CVS Caremark is engaging in any anticompetitive or deceptive practices.”

CVS, based in Woonsocket, Rhode Island, is the largest U.S. drugstore chain and pharmacy benefits manager. The National Community Pharmacists Association, a group representing independent pharmacists, met with FTC officials in May to request an inquiry, saying CVS is steering customers to its locations by increasing patient costs for prescriptions bought at other drugstores. CVS disputed the claims.

“Any suggestions that our business practices are anti- competitive or that we are violating antitrust laws are totally false,” Carolyn Castel, a company spokeswoman, said in an e- mail today. “The 2007 merger of CVS and Caremark is making pharmacy health care more accessible, more effective and more affordable.”

Federal Trade Commission spokesman Mitch Katz confirmed the U.S. agency received the letters and said he couldn’t comment further.

CVS shares fell 33 cents to \$33.59 at 4:16 p.m. in New York Stock Exchange composite trading. The shares have gained 17 percent this year.

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