

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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March 14, 2018

The Honorable Greg Walden
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Walden:

I am writing to request that you hold a hearing on Cigna's recently proposed plan to acquire Express Scripts. On March 8th, the health insurance company, Cigna, proposed to purchase the nation's largest Pharmacy Benefit Manager (PBM), Express Scripts, for \$67 billion.¹ The subsequent operation would be just one of many recent mergers and acquisitions in American health care delivery, including the CVS-Aetna merger last December.² During a recent hearing in the Subcommittee on Oversight and Investigations, witnesses overwhelmingly emphasized concern for harm to consumers across the country as the health care industry continues to consolidate, including "mega mergers" such as this.³ We believe these concerns warrant a specific hearing directed towards both the Cigna-Express Scripts and CVS-Aetna deals.

The acquisition of Express Scripts is but the most recent development in an ongoing trend of consolidation and transformation in our health care system, with few signs of slowing down. In recent years, various types of mergers and acquisitions in the health care system have become

¹ *Cigna to Acquire Express Scripts for \$67 Billion*, Business Wire (Mar. 8, 2018). (<https://www.businesswire.com/news/home/20180308005488/en/Cigna-Acquire-Express-Scripts-67-Billion>).

² *CVS to Buy Aetna for \$69 Billion in a Deal That May Reshape the Health Industry*, The New York Times (Dec. 3, 2017) (www.nytimes.com/2017/12/03/business/dealbook/cvs-is-said-to-agree-to-buy-aetna-reshaping-health-care-industry.html).

³ House Committee on Energy and Commerce, *Examining the Impact of Health Care Consolidation*, 115th Cong. (Feb. 14, 2018) (<https://energycommerce.house.gov/hearings/examining-impact-health-care-consolidation/>)

more common, especially across traditionally separate lines of business.⁴ Increasingly, health systems are offering health insurance and insurers are buying or partnering with health care providers. Just recently we heard of the announced merger of CVS and Aetna, for example. The newly proposed acquisition of a PBM by an insurance carrier is not a new concept in health care acquisitions either.⁵ Other insurers, such as UnitedHealth Group, have acquired or absorbed PBM operations, in a move to provide a more “coordinated approach” to health care delivery.⁶ Experts have expressed concern, however, over the size of these consolidations. The Cigna acquisition is likely the largest; Express Scripts is the largest PBM in the country, responsible for the drug plans of more than 80 million Americans, including beneficiaries in Medicare Part D and Tricare.⁷ The Cigna acquisition news also comes in the wake of an announcement by Amazon to team up with other behemoths J.P. Morgan Chase and Berkshire Hathaway to create an independent health care delivery system of their own.⁸

The Committee has an ongoing responsibility to evaluate and consider these changes to our health care system, so as to better understand the impact of these changes on consumers, patients, and providers. Due to the scale of the proposed Cigna-Express Scripts and CVS-Aetna deals, these changes should be thoroughly scrutinized and understood by the members of this Committee. To best understand the matter, it would be in this Committee’s best interest to hear directly from representatives of the companies involved, in addition to other perspectives.

⁴ *Why the CVS-Aetna Merger Could Benefit Consumers*, The New York Times (Dec. 3, 2017) (www.nytimes.com/2017/12/03/upshot/why-the-giant-cvs-aetna-merger-could-benefit-consumers.html).

⁵ *With Standalone PBMs Under Fire, Cigna to Buy Express Scripts for \$54B*, Forbes (Mar. 7, 2018) (<https://www.forbes.com/sites/brucejapsen/2018/03/07/with-standalone-pbms-under-fire-cigna-closes-in-on-express-scripts/#5cacc9124091>)

⁶ *Cigna Agrees to Buy Express Scripts in Major Health Care Deal*, The New York Times (Mar. 8, 2018) (<https://www.nytimes.com/2018/03/08/business/dealbook/cigna-express-scripts.html>).

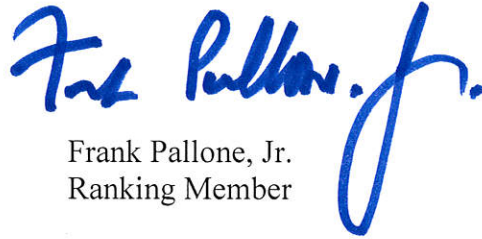
⁷ *Pharmalittle: Cigna Will Buy Express Scripts; massive opioid litigation may not get settled*, STAT (Mar. 8, 2018) (<https://www.statnews.com/pharmalot/2018/03/08/cigna-express-scripts-opioids/>).

⁸ *Amazon, Berkshire Hathaway, and JP Morgan Chase Join Forces to Tackle Employees’ Health-care Costs*, The Washington Post (Jan. 30, 2018) (https://www.washingtonpost.com/news/wonk/wp/2018/01/30/amazon-berkshire-hathaway-and-jp-morgan-chase-join-forces-to-tackle-employees-health-care-costs/?utm_term=.f990a42192e4).

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I encourage you to schedule a hearing with these parties on this important matter as soon as possible.

Sincerely,

A handwritten signature in blue ink that reads "Frank Pallone, Jr." with a stylized flourish at the end.

Frank Pallone, Jr.
Ranking Member