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August 14, 2018

VIA ELECTRONIC TRANSMISSION

Assistant Attorney General Makan Delrahim
Department of Justice Antitrust Division
950 Pennsylvania Ave. NW
Washington, DC 20530-0001

Dear Assistant Attorney General Delrahim:

I write to urge the Department of Justice Antitrust Division to conduct a robust analysis of the proposed mergers of Cigna Corp. with Express Scripts Holding Co. and CVS Health Corp. with Aetna Inc. According to a new report from the Kaiser Family Foundation, if approved, the two combined entities, along with UnitedHealth and Humana, would cover 71% of all Medicare Part D enrollees and 86% of stand-alone drug plan enrollees.¹ Moreover, these transactions would result in substantial vertical integration within the pharmaceutical supply chain, with the three largest pharmacy benefit managers (PBMs) all vertically integrated with insurance companies.

Over the past several years, consumers have faced substantial increases in drug prices across the board. Hospitals, physician groups, insurers, PBMs, pharmacies, wholesalers, pharmaceutical manufacturers, and others in the supply chain must all look at how to improve outcomes for patients, such as providing health care services and medicines in a more cost effective and convenient manner. Part of Congress's role is to encourage new strategies and experimentation among these market participants to drive down drug prices. To that end, vertical integration, like the proposed transactions, can often result in increased efficiencies and consumer benefits, and should be evaluated accordingly.

Such integration, however, can also lead to increased barriers to entry for competition in each standalone market. As such, we must ensure that these transactions do not foreclose competition and consumer access, or hinder innovation, especially in underserved rural areas.


Because of the consolidation and integration of multiple areas of the pharmaceutical supply chain, it is imperative that the Antitrust Division conduct a careful analysis of these proposed transactions to ensure that competitive markets in the pharmaceutical supply chain are not impacted adversely. I also request that the Antitrust Division collaborate, as appropriate, with

¹ Juliette Cubanski, Anthony Damico, and Tricia Neuman, "Medicare Part D in 2018: The Latest on Enrollment, Premiums, and Cost Sharing" (May 17, 2018) *available at* <https://www.kff.org/medicare/issue-brief/medicare-part-d-in-2018-the-latest-on-enrollment-premiums-and-cost-sharing/>.

the Federal Trade Commission and Food and Drug Administration, both of which have significant subject matter expertise, as it conducts its analysis of these transactions.

Thank you for your attention to this matter. I look forward to hearing from you soon.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive style with a prominent "C" and "G".

Charles E. Grassley
Chairman
Committee on the Judiciary