

TESTIMONY OF GEOFFREY A. MANNE, Competition in the Pharmaceutical Supply Chain:
The Proposed Merger of CVS Health and Aetna Before the United States House of
Representatives Committee on the Judiciary Subcommittee on Regulatory Reform,
Commercial and Antitrust Law

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[Geoffrey A. Manne](#)

Summary

Chairman Marino, Ranking Member Cicilline, and Members of the Committee, thank you for giving me the opportunity to testify before you today.

The overriding point of my testimony is that the proposed CVS Health/Aetna merger presents a creative effort by two of the most well-informed and successful industry participants to try something new to reform a troubled system. Absent overwhelming evidence that the merger would create an unacceptable risk of harm, the effort should be welcomed and encouraged. And, as it happens, I have seen no evidence of even a small risk of harm.

It seems fair to say that the predominant characteristic of the CVS Health/Aetna merger is its prospect of developing, on a larger scale than ever before, innovative approaches to healthcare that could transform our healthcare system. As one analyst noted in an article titled, “Why CVS/Aetna Could Be a Game Changer”:

What CVS seeks to do with this deal is to dramatically accelerate that process, and change the nature of the neighborhood pharmacy. For example, we already know that getting a flu shot at the pharmacy is more convenient than making an appointment with a doctor.

What if an entire array of services was available at the pharmacy? Better yet, what if it would cost less to have those services performed at the pharmacy? The advantage to the provider is clear; send the patients to the pharmacy, and free up the doctors for more pressing needs.

Even this touches on only the tip of the potentially transformative iceberg. The proposed merger has the aim and the potential to demonstrate that it is feasible to provide integrated care with a focus both on both lowering costs for therapeutic treatments, such as prescription drugs, as well as enhancing the effectiveness of preventive care in order to reduce the need for therapeutic treatments in the first place.

In this light, I believe that it is important to view this merger not as a combination tending to concentrate economic power in the existing industry structure, but as a significant step toward a reorganization of the industry itself.

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