



November 1, 2011

The Honorable Jon Leibowitz  
Chairman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Proposed Merger of Express Scripts, Inc. and Medco Health Solutions

Dear Chairman Leibowitz,

We, Small Business Majority, write today to express our concern with Express Scripts' proposed acquisition of Medco Health Solutions. We believe that competitive markets drive a strong economy, maximize business opportunities and job creation, and benefit consumers by maintaining lower prices, promoting innovation, and developing efficiencies. In light of the deal's potential for significant harm to competition in the PBM market, we urge the Committee to comprehensively investigate this proposed merger and its impact on American small business.

Small Business Majority is an advocacy group founded and run by small business owners to focus on solving the biggest problems facing small businesses today. We advocate for policies that create jobs, promote a thriving economy and maximize business opportunities and cost savings in healthcare reform, clean energy, access to capital and other areas.

By merging two of the three largest pharmacy benefit managers (PBM), we are concerned that this deal would significantly reduce competition in the PBM market, harm small business opportunities, and thereby stunt job growth.

This merger will significantly reduce competition among the major PBMs. By reducing market rivalry, Express Scripts-Medco is likely to charge more for its services and less likely to pass on savings obtained through rebates to public and private payers. These price increases will ultimately harm many American small businesses, as they will be forced to bear the increased cost of providing coverage to their employees.

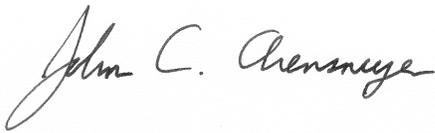
The combination of Express Scripts and Medco will also increase the ability for the merged company to decrease reimbursement to pharmacies to sub-competitive levels. Pharmacies already operate on very minimal margins. Such reductions in reimbursement would impart serious economic burdens on these businesses, likely leading to business collapse and job losses. Moreover, these reductions in reimbursement are likely to lead to reduced service and diminished access to pharmacy patient care.

This merger would also increase the incentive and ability for Express Scripts to wholly exclude retail and specialty pharmacies by establishing highly restrictive networks. Express Scripts will be able to leverage its market power in the PBM market to restrict patient choice and drive patients to its in-house mail order dispensing capabilities. These restrictive networks will further harm retail and specialty pharmacies as well as restrict patient choice.

The proposed merger will significantly reduce competition and, in turn, cause significant harm to American small businesses and counteract efforts to create jobs. America's 28 million small businesses already struggle with the high cost and rapid inflation of healthcare costs. Further inflationary burdens through reduced competition will present small business owners with grim choices—drop coverage, reduce benefits or pass on costs to 42 million employees. We urge the Commission to thoroughly review these concerns in their investigation. We look forward to meeting with Commission Staff and providing any information and analysis the Commission would find helpful.

Please feel free to contact us with any questions or for additional information.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive, flowing style.

John Arensmeyer  
Founder & CEO

CC: Commissioner William E. Kovacic  
Commissioner J. Thomas Rosch  
Commissioner Edith Ramiez  
Commissioner Julie Brill  
Director of Bureau of Economics Joe Farrell