

How the Aetna-CVS Merger Could Affect Healthcare in Rural Maine

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By Meg Haskell



Troy R. Bennett | BDN | Family nurse practitioner Ann Lovegren stands outside her "Minute Clinic" exam room at a CVS drug store in South Portland on Tuesday, Jan. 23, 2018. The pending merger of CVS insurer Aetna could mean cheaper medications, more walk-in clinics and other benefits for Maine though some fear it will undermine the stability of the state's rural health system.

The pending merger of CVS Health and insurer Aetna could mean cheaper medications, more walk-in clinics and other benefits for Maine consumers, but some observers fear it will undermine the tenuous stability of the state's rural health system.

The companies claim the \$77 billion mega-merger, announced in December, will additionally lead to better chronic disease management and an overall reduction in health care spending. The promised changes could prove attractive in Maine's rural areas, where health care options are fewer, and allow the companies to undercut struggling local hospitals, experts said.

In Maine, CVS has 27 retail pharmacies, including two located inside Target stores. With the exception of one store, in Bangor, all are in the southern half of the state. Two sites, in Portland and South Portland, include walk-in "Minute Clinics" that provide basic clinical services.

The emergence of such retail clinics nationally reflects a failure of the traditional health system to meet consumer needs, especially in less populated areas, said Eric Shell, rural health care consultant at Stroudwater Associates in Portland.

"We have to take this as a wakeup call to create better access in rural practices," he said.

Though Maine's CVS clinics are located in urban greater Portland, the merger could promote expansion into more rural areas, Shell said.

Rather than demanding that patients wait days, weeks or even months for basic health services, retail clinics generally require no appointments and keep

extended hours, making it easy to pop in after work, on the way to school or at other convenient times. They typically provide a limited range of services — school physicals, immunizations, treatment for mild infections or minor injuries — and post their prices prominently for customers who pay out of pocket.

Because retail clinics operate so efficiently, with relatively low overhead and no need to provide the range of diagnostic and treatment tools available at a full-service hospital emergency department or outpatient practice, Shell said the cost is typically lower.

By siphoning low-cost patients away from hospitals and their affiliated outpatient practices and undercutting their prices, Shell said, retail clinics are “potentially a boon to consumers but also potentially very disruptive” to the established health system.

“These minute clinics are very appealing to both consumers and [insurance] payers,” Shell said.

Someday, “Medicare and commercial insurers may no longer be willing to pay hospital rates for services that can be gotten elsewhere.”

And that, he said, spells trouble down the road for Maine’s rural hospitals and health providers, many of which are struggling to stay in business and provide a broader spectrum of essential services to the communities they serve.

But Mitchell Stein, an independent health policy consultant in Cumberland, said the merger has the potential to work. The bold corporate move into personal health care may expand consumer choice and access, improve care and hold down costs. If insurers like Aetna expand their market share in the process, that

keeps them motivated, he said. “I see it as a great experiment,” he said. “We’ve tried a lot of different things in health care that haven’t worked.”

The CVS-Aetna merger is just one of several recent moves to integrate multiple levels of the health care system under one umbrella, with hospital groups, insurance companies, pharmacies and other health organizations joining forces. That includes the announcement, also in December, of the **UnitedHealth insurance company’s** acquisition of its second large physician group.

It has also been widely reported that online **retail giant Amazon is looking to break into the highly regulated pharmaceuticals market.**

The trend has some experts and analysts worried about expanding what they see as an already troubling trend toward corporatization in American health care.

Emergency physician Dr. Charles Pattavina, outgoing president of the Maine Medical Association, said for-profit corporations don’t always have patient well-being as their top priority.

“Now we have insurance, retail pharmacy and [medical] providers all in one vertical structure,” he said. “Patient needs should always come first, and I’m not sure the patient is coming out on top in this instance.”

Pattavina, who practices at St. Joseph Hospital in Bangor, said individuals are better served in a “medical home,” a regular primary care provider who knows their health history and is part of a deep network that includes medical specialists and affiliated services.

“It’s concerning that these businesses are moving at a speed faster than the regulatory environment can keep up with,” he said. “These unconventional

mergers ... could raise a lot of conflicts.”

Aetna, one of the country’s largest commercial insurance companies, accounts for about 10 percent of Maine’s “group” insurance market, which serves businesses. The merger aims to create more market share, in Maine and nationally, by offering attractive rates and benefits packages that compete aggressively for large employer business currently held by Anthem, Cigna or other companies.

The powerful influence of a major health insurer can help negotiate lower costs — for patients, insurers and the health care system overall, Stein said.

In its Dec. 3 announcement, CVS Health listed health coverage through Aetna’s insurance plans and networked providers as one of the merger’s benefits for consumers.

“There will be expanded opportunities to bring health care services to consumers every day,” it said, through in-store “health hubs” that coordinate clinical care, wellness information, prescription services and insurance coverage, the announcement stated.

Shareholders also will receive “attractive value” from the transaction, according to the announcement, although antitrust challenges are expected and at least **one Aetna shareholder has already sued** to stop the merger.

Stein largely dismisses hand-wringing over the power of big business in health care and what he calls “the myth of the country doctor.”

“I don’t see this as a move from Marcus Welby to Big Brother,” Stein said, “so much as a shift among major players to satisfy a market need for convenience and efficiency and, absolutely, profitability.”