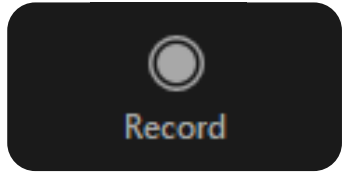

Community Review Board 013 Kroger-Albertsons

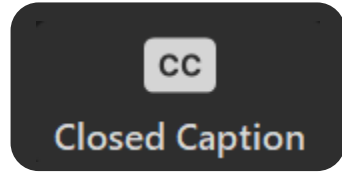
Health Care Market Oversight
May 9, 2024



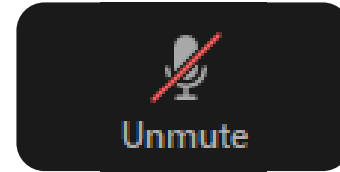
Logistics



This meeting is being recorded



Closed captioning is available



Remain muted until it's your time to speak



Use the raise hand or chat feature if you want to share a question or comment

Agenda

- Updates and responses to CRB requests
- Public comment themes
- Debrief public hearing
- CRB discussion
- Next steps: Scheduling an additional meeting?

Updates and responses to CRB requests

HCMO Updates

Equity analysis

- HCMO staff will complete and share information once the entities provide information about updated [divestiture plan](#)

Requests for information

- Following the public hearing, [OHA requested additional information](#) by 5/10
- Entities [told OHA](#) they would provide responses to December request by this week

Public Comments

- [Public comments](#) are updated and posted to the website as of 5/8.

HCMO Enforcement Mechanisms

ORS 415.013 gives OHA the power to enforce HCMO regulations, including the entities' compliance with conditions. OHA can take enforcement action against entities for violating final orders or conditions, which may include:

- Issuing a notice of noncompliance
- Assessing civil penalties
- Issuing a Cease & Desist letter
- Filing a suit to seek an injunction or temporary restraining order

Process questions

Access to materials

- Can OHA request permission from the entities to publicly share confidential information?
- Can the Community Review Board have access to confidential information?

Timeline

- Is the Community Review Board able to extend its timeline?

Key themes from public comments

OHA analyzed the public comments received so far

As of May 1, OHA has received **146** public comments about the Kroger-Albertsons transaction.

Of those, **102** mentioned pharmacy and prescription drugs.

Many raised **concerns** about the transaction.



Key concerns raised in public comments

Competition

Staff shortages

Store closures

Network shrinkage

Price increases

Rural communities adversely affected

Long wait times

Decreased choice

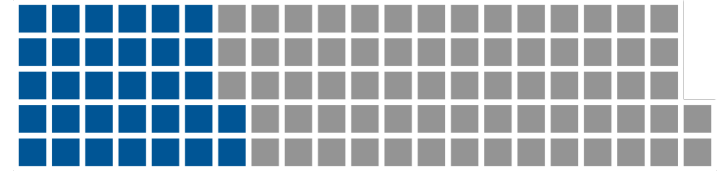
Competition



“This would be a disaster for consumers here in Oregon. It would create an effective monopoly... This is the reason we have anti-trust measures in the first place, to prevent this kind of consolidation.”

“... this is the very example of antitrust activity that is supposed to be prevented. All pharmacy patients will be adversely affected if this merger is allowed to go through.”

Store closures

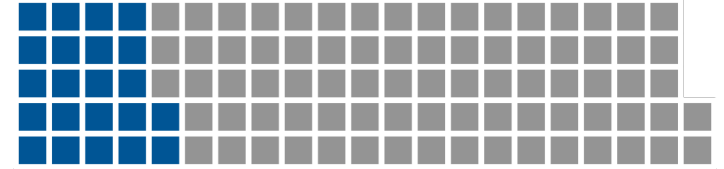


“When Safeway and Albertson's merged... [divested] stores were cherry picked as the worst performers and... they failed, leaving the communities... without pharmacy or grocery services.”

“... it will have a negative economic impact to Corvallis as well as likely have 1-2 pharmacies closed...”

“... we've already had issues with closures in our region which have made it more difficult for people to get prescriptions in a timely manner, not to mention the need to wait in long lines...”

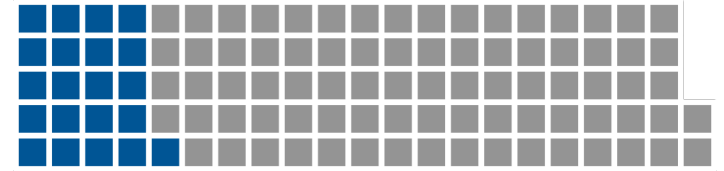
Price increases



“As a senior Oregon citizen buying groceries and medications through both store chains in my area, I appreciate that current pricing competition for customers helps curb price increases.”

“Kroger’s prescription drug prices are significantly higher than Safeway’s. Our estimate is that our drug prices will go up several hundred dollars a year if Kroger takes over Safeway pharmacies.”

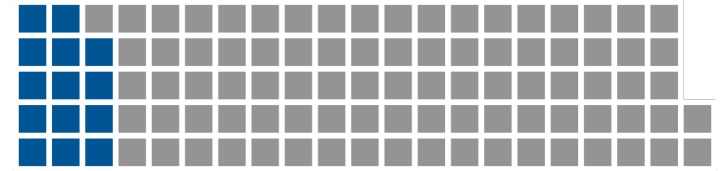
Long wait times



“Safeway is across the street from Fred Myer. They don't have as long of lines and I have had no problems with their pharmacy. With Kroger taking over I am very concerned with the problems of Fred Myer's pharmacy transferring to Safeway's pharmacy.”

“It is not uncommon to see 10-15 people standing in line at the Safeway pharmacy, yet they do not seem to be able to increase their staffing...”

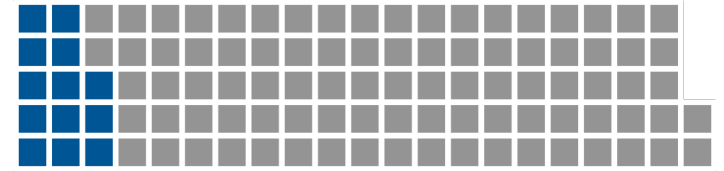
Staff shortages



“I was a pharmacist in charge of one of the busiest Fred Meyer/ Kroger pharmacies in the state... I recently resigned... due to the ever increasing cooperate pressure / demands / expectations that are not obtainable with the current allocated labor models. The merger will further place even more burdens on current pharmacy teams. There are plenty of staff but the company refuses to hire for a variety of rational. Cooperations refuse to staff to safe minimum levels.”

“While the staff at the Safeway where I fill prescriptions exhibits stellar customer service, they are already overworked and I feel management did NOT adjust to the needs of the customers to shorten wait times for pick ups through hiring more staff.”

Insurance network shrinkage

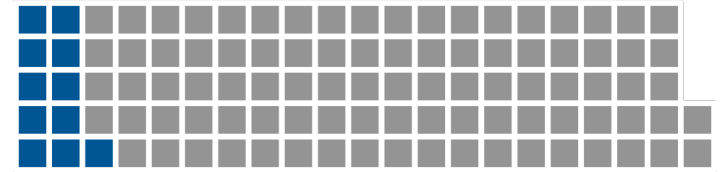


“If this merger goes through, I will no longer have ANY pharmacies available to me as Kroger and Express Scripts do not have a contract with each other.”

“... if a merger occurs, my concern is that [merged pharmacies] may not take the insurance that I have. Currently Kroger’s in Sandy Oregon does not take my Blue Cross. Safeway does.”

“Our biggest concern is access to an in-network pharmacy after the Albertsons-Kroger merger. Will Safeway either close its Redmond store or leave the TRICARE network because of the merger?”

Adverse effects for rural communities

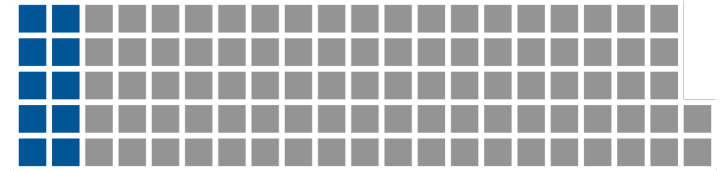


“Rural communities need options to purchase their prescriptions, a merger like the one proposed by Kroger is a monopoly.”

“I live in a semi-rural area of Oregon and the choices for grocery stores and pharmacies are limited already. Further reducing the number of stores would be harmful to the people in this region.”

“... being in a rural community, many of us are very concerned about a merger that is going to close another pharmacy... In Florence, we only have one Safeway and one Fred Meyer and who knows what this corporate merger is going to do.”

Decreased choice



“I already have lost ability to have the choice of pharmacies except Fred Meyer, Safeway and Walgreens. If this merger takes place it greatly limits consumers even more on pharmacy choice.”

“It was important for me to have an alternate pharmacy to go to in this instance. I strongly oppose the proposed merger that would limit customers’ options.”

Some comments highlighted benefits of the merger

Preserving union jobs

Improving access for marginalized communities

Job security for employees

Opposed to regulatory review

Debrief public hearing

CRB debrief of public hearing

What did you hear/learn that impacts your thinking and recommendations regarding the transaction?

Break

Discussion

CRB Discussion

- Given what you have heard, learned, and know, what could be the transaction's impact in your community?
- What opportunities might there be?
- What concerns do you have?
- Do you have outstanding questions you need answered in order to make a recommendation?

Next steps

- Next meeting is scheduled for May 15 from 1:00 – 3:00 pm
- OHA staff will post and share responses from the entities
- Does the board want to extend the timeline and schedule an additional meeting?