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# Community Review Board 013 Kroger-Albertsons

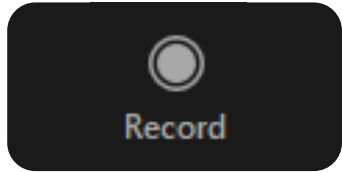
Health Care Market Oversight  
May 15, 2024



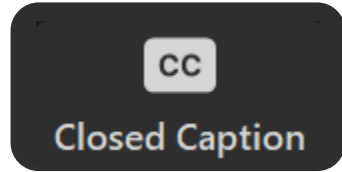
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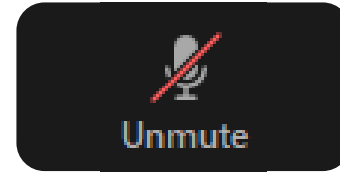
# Logistics



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

# Goals for today's meeting

- Ensure that OHA has accurately captured the Community Review Board's input
- Discuss possibilities for addressing the CRB concerns and opportunities

# Agenda

- Review responses to requests for information
- Review issues raised by the Community Review Board
- Discussion: Are there ways to address concerns and support opportunities raised by the CRB?

# Responses to requests for information

# Submissions received May 10<sup>th</sup>

1. [Responses to OHA's December 2023 information request](#)
2. [Responses to OHA's February 2024 information request \(financial information\)](#)
3. [Responses to follow-up questions from the public hearing](#)



OHA is reviewing these submissions to assess completeness. The review period remains tolled until OHA determines that the submissions are complete.

# Kroger Responses to December Request

**#23:** Kroger responded “no” when asked if they intend to close any of the acquired stores within the next 5 years.

**#24:** Kroger responded “no” when asked if they intend to discontinue pharmacy operations in any of the acquired stores within the next 5 years.

**#33:** Kroger will provide “pharmacy support” to C&S under a Transition Services Agreement (TSA).

**#54:** C&S will hire several hundred subject matter experts from Kroger and Albertsons.

# C&S Responses to December Request

**#41:** C&S will acquire 52 pharmacies in Oregon.

**#39-40:** C&S has no plans to close any of the divested stores or discontinue pharmacy operations in any of these stores.

**#49:** Four areas where C&S anticipates pharmacy customers could experience “changes” are (1) online/mobile refill services, (2) network rates, (3) drug availability, and (4) clinical services.

**#38:** C&S’s strategy until 2021 was to operate as a wholesaler, not a retailer. C&S purchased 41 retail stores with pharmacies in 2005 and sold them by 2012. C&S purchased 4 retail stores with pharmacies in 2014 and sold them by 2022.



# C&S's preparations for operating pharmacies

#42: Selected main pharmacy wholesaler and begun negotiations.

#42: Started discussions with PBMs. Plans to seek amendments to allow existing PBM contracts to remain in place during a “transition period.”

#42: Applied for relevant pharmacy licenses and reached agreement with Kroger and Albertsons on a process for transferring pharmacy licenses.

#42: Establishing relationships with pharmacy experts C&S plans to hire immediately after closing the deal.

#50: Negotiating with prescription drug savings/discount card programs.

**Issues raised last meeting**

# Opportunities

## Focus on improving health

- One stop shopping for food and medicine could have positive impacts

## C&S as community partner

- It could be positive to have a new business in the community if they come in as a community partner

## Potential to improve access

- If the entities open new stores and resource existing stores adequately, access could improve

# Concerns

## Merger won't address existing access issues

- Inadequate staffing
- Long wait times
- Not enough pharmacies
- Closure trends
- Concerns that Kroger pharmacies are not adequately serving patients

## C&S lacks pharmacy experience

- No guarantee that C&S stores won't close

## Unclear commitments from entities

- Commitment to keep stores open and retain staff has no timeline

# Concerns

## Lack of plan to address staffing and workforce issues

- No clear plan to improve working conditions, benefits, or compensation
- Lack of detailed retention plan for staff transitioning to C&S

## Insurance access issues

- Uncertain about C&S's ability maintain PBM relationships
- Concerns about people with TriCare or other Express Scripts coverage

## Equity concerns for different communities

- Rural and small communities already have limited options

# Concerns

## Don't want to repeat mistakes from past transactions

- Albertsons-Safeway resulted in closed stores, fewer pharmacies
- Bi-Mart resulted in pharmacy closures and staffing shortages

## Lack of competition

- Kroger would be the most dominant player by far
- Concerns about impact on landscape for independent pharmacies

## Profit over patients

- Larger chains have lower staffing levels
- Shareholders will seek to maximize profits no matter what

# Questions raised

1. How will this merger make things better? How will it improve access, equity, quality, and costs? How will it address existing problems with Fred Meyer pharmacies?
2. What other programs are offered at pharmacies and which will continue or cease after the merger?
3. What is the operational plan for the merged company? Will there be one set of systems, contracts, etc. for all Kroger and Albertsons stores?
4. How will C&S invest in retaining staff? (Salary increases, signing bonuses, benefits, etc.)

# Discussion

Have we accurately captured your input so far?

Based on the information you have right now, is anything missing?



**Break**

# Discussion

Are there ways to address concerns and support opportunities raised by the CRB?

# Example suggestion from last meeting to address CRB concerns

Concern	Potential way to address
Lack of plan to address staffing and workforce issues	Specific commitments related to staffing and adequately resourcing stores
Don't want to repeat mistakes from past transactions	Specific time commitment for keeping stores open (for example, 5 years or 10 years)

# Are there any commitments, assurances, or changes to the planned merger that would address your concerns?

Concerns from last meeting:

- Merger won't address existing access issues
- C&S lacks pharmacy experience
- Unclear commitments from entities
- Lack of plan to address staffing and workforce issues
- Insurance access issues
- Equity concerns for different communities
- Don't want to repeat mistakes from past transactions
- Lack of competition
- Profit over patients

# Are there any commitments, assurances, or changes to that would support opportunities?

Here are the opportunities you surfaced:

- Focus on improving health
- C&S as community partner
- Potential to improve access

# Next steps

- Next meeting is scheduled for May 29 from 1:30 – 3:30 pm
  - Discuss OHA analyses
  - Develop a recommendation

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Website: <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>