
Community Review Board 013 Kroger Albertsons

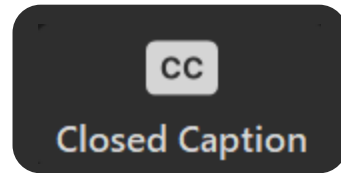
Health Care Market Oversight
May 29, 2024



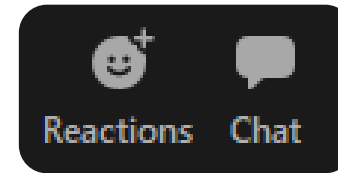
Meeting Logistics



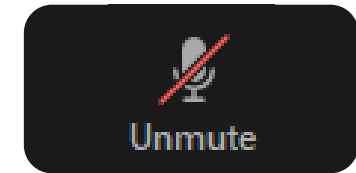
This meeting is being recorded



Closed captioning is available



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



Remain muted until it's your time to speak

Meeting Agenda

Today's goal: Make a recommendation to OHA about the transaction

- Updates
- Discussion: Are there ways to support opportunities raised by the CRB?
- Review discussion from last meeting
- Recommendation framework
- Discussion: What is the CRB's recommendation to OHA?
- Summary and next steps

Program Updates

Updates

- Equity analysis was shared with CRB members and posted with meeting materials
- No new public comments to share
- Still reviewing the submission for completeness

Discussion

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

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

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

Here are the opportunities you surfaced:

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

From last meeting: Ideas to address concerns

Concern	Potential way to address
Merger won't address existing access issues	<ul style="list-style-type: none">• Commit to not closing any stores for 10-15 years following the transaction's close• Implement longer opening hours for pharmacies• Commit to offer or continue to offer online prescription refills• Implementation plan for digital pharmacy, including plans and timelines for transitioning to C&S mobile pharmacy platform
Lack of plan to address staffing and workforce	<ul style="list-style-type: none">• Provide detailed plan for C&S' hiring and retention of pharmacy employees, including both pharmacists and pharmacy technicians.• Commit to minimum staffing levels• Commit to staffing an additional pharmacist to be responsible for vaccinations if needed• Adopt a specific framework for assessing pharmacy staffing needs, including metrics and thresholds• Give frontline pharmacy managers the ability to call in more staff

From last meeting: Ideas to address concerns

Concern	Potential way to address
C&S lacks pharmacy experience	<ul style="list-style-type: none">• Commitment by C&S to hiring enough frontline and upper management/operations staff with pharmacy experience.• Commitment by Kroger to provide the necessary support to C&S for operating pharmacies• Detailed plan for how Kroger will support C&S in operating pharmacies
Lack of competition	No suggestions to address

From last meeting: Ideas to address concerns

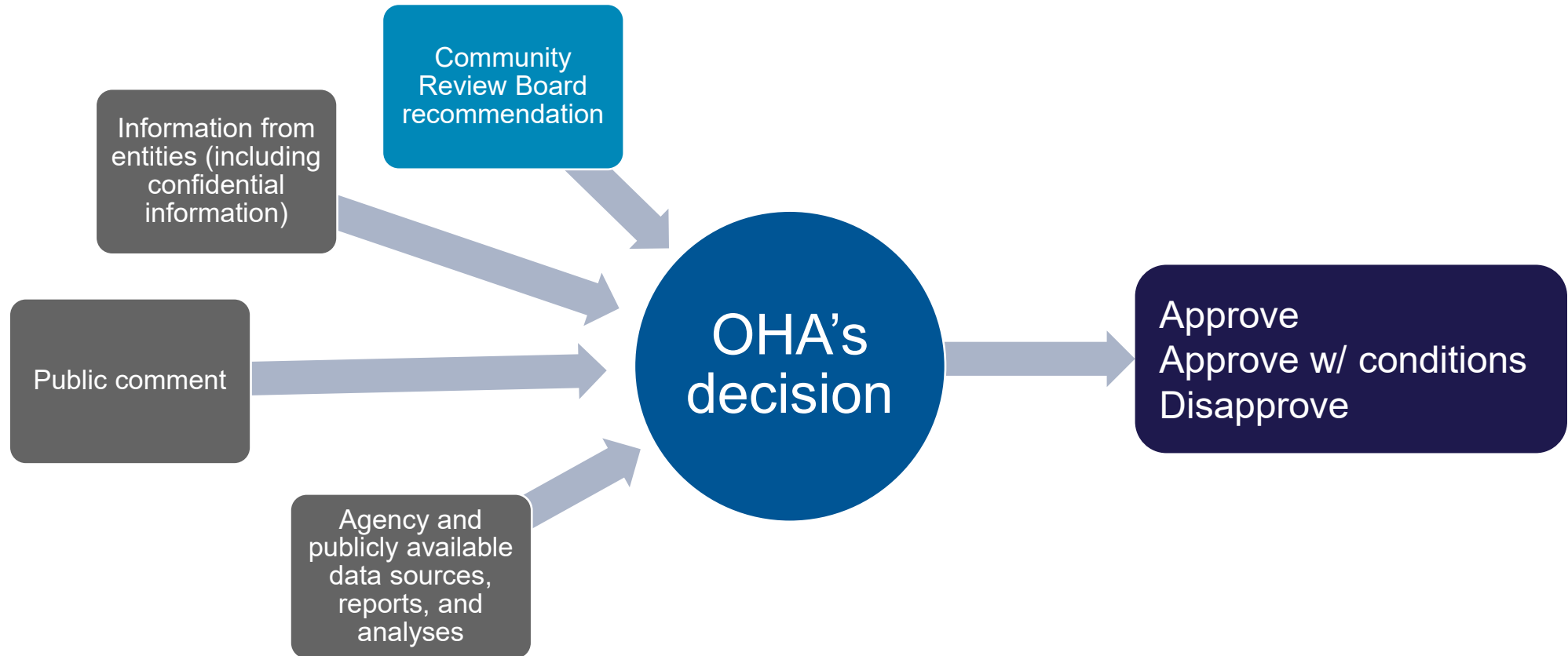
Concern	Potential way to address
Equity concerns	<ul style="list-style-type: none">• Research by C&S on pharmacy needs of communities in Oregon where stores are being divested.• Engagement by C&S with communities in Oregon to understand pharmacy needs.• Commitment to not close pharmacies in rural areas.• Commitment to continue offering vaccination services at current or expanded levels.• Offering home delivery of prescriptions.• Plan for supporting employee diversity and creating a discrimination-free work environment

From last meeting: Ideas to address concerns

Concern	Potential way to address
Repeating mistakes from past transactions	<ul style="list-style-type: none">• Financial information demonstrating that financial performance/profitability of divested stores is at least equivalent to Kroger-acquired stores• See suggestions for workforce, access, pharmacy experience
Profit over patients	More focus on improving the customer experience by gathering feedback/data from customers and developing performance metrics around service quality
Unclear commitments from entities	See other suggestions

Recommendation Framework

Considerations for OHA's decision



HCMO comprehensive review approval criteria

- A. There is no substantial likelihood that the transaction would:
- Have material anti-competitive effects;
 - Be contrary to law;
 - Jeopardize the financial stability of a health care entity involved in the transaction; or
 - Otherwise be hazardous or prejudicial to consumers or the public.

and

- B. The transaction will benefit the public good and communities by:
- Reducing the growth in patient costs or maintaining sustainable cost growth;
 - Increasing access to services in medically underserved areas; or
 - Rectifying historical and contemporary factors contributing to a lack of health equity or access to services.

or

- C. The transaction will improve health outcomes for residents of this state.

Approval criteria for CRB consideration

- A. There is no substantial likelihood that the transaction would:
- Have material anti-competitive effects;
 - Be contrary to law;
 - Jeopardize the financial stability of a health care entity involved in the transaction; or
 - Otherwise be hazardous or prejudicial to consumers or the public.

and

- B. The transaction will benefit the public good and communities by:
- Reducing the growth in patient costs or maintaining sustainable cost growth;
 - Increasing access to services in medically underserved areas; or
 - Rectifying historical and contemporary factors contributing to a lack of health equity or access to services.

or

- C. The transaction will improve health outcomes for residents of this state.

Decision making process

The community review board is charged with recommending one of the following outcomes to OHA:

- Approve,
- Approve with conditions, or
- Disapprove

- The board will use a consensus decision-making model. This means that the board's recommendation must be one that all members can accept, support, live with, or agree not to oppose.
- If a consensus-based recommendation cannot be achieved, then a recommendation will go to majority vote.
- Agreement on a recommendation requires that a majority of the community review board members are present (“quorum”).

Our goal is consensus

- What does consensus mean?
 - Get to agreements that everyone supports – or at least can live with.
 - We'll have full and complete discussion.
 - When the group needs to make a decision, we will check for agreement. If someone “blocks” the consensus decision, they will offer an alternative suggestion.

Any comments or questions on decision making?

Discussion

What is the CRB's recommendation to OHA?

Criterion: The transaction will benefit the public good by reducing the growth in patient costs or maintaining sustainable cost growth.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Criterion: The transaction will benefit the public good by increasing access to services in medically underserved areas.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Criterion: The transaction will benefit the public good by rectifying historical and contemporary factors contributing to a lack of health equity or access to services.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Criterion: The transaction will improve health outcomes for residents of this state.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Criterion: There is no substantial likelihood that the transaction would have material anti-competitive effects.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Criterion: There is no substantial likelihood that the transaction would otherwise be hazardous or prejudicial to consumers or the public.

1. Does the transaction meet this criterion?
2. Why or why not?
3. If not, are there any reasonable conditions that would accomplish the goal set out in this criterion?
4. Could there be unintended consequences from these conditions?

Recommendation

Based on the criteria we just reviewed, which of the following do you recommend?

- Approve
- Approve with conditions
- Disapprove

OHA will produce a written summary, which will include the rationale and details for the recommendation, including any conditions.

Next steps

- OHA staff will produce a written summary of the CRB recommendation
- Next meeting is scheduled for June 13 at 10:00 am
 - CRB will review written recommendation and give final approval

Email: hcmo.info@oha.oregon.gov

Website: <https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-013-Kroger-Albertsons.aspx>