

Health Care Market Oversight

Equity Analysis: Kroger and Albertsons Merger Plan

The [Health Care Market Oversight](#) (HCMO) program reviews health care business deals, like mergers and acquisitions, to make sure they do not harm people and communities in Oregon. On August 8, 2023, the Oregon Health Authority (OHA) accepted a [notice](#) related to Kroger's purchase of Albertsons. Kroger currently operates 55 grocery stores in Oregon, of which 53 have pharmacies. Albertsons has 121 stores with 106 pharmacies in the state. As part of the deal, Kroger plans to sell (or "divest") 62 stores (52 stores with pharmacies) to C&S Wholesale Grocers.

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OHA's analysis

OHA analyzed population data for areas in Oregon with current Kroger and Albertsons stores that include pharmacies. OHA bucketed stores with pharmacies into three types:

- Pharmacies in stores with no change in ownership ("no change"),
- Albertsons pharmacies in stores that will be acquired by Kroger ("acquired by Kroger"), and
- Pharmacies in stores that will be sold to C&S ("divested to C&S")

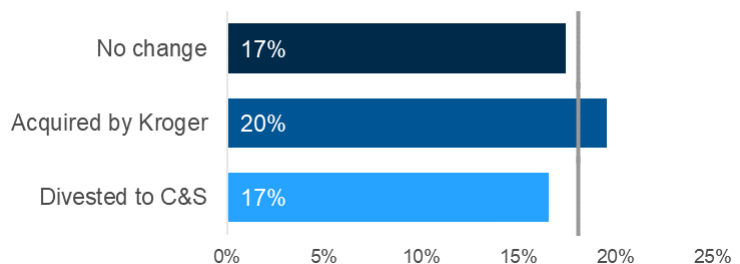
This brief summarizes population characteristics for the three types of pharmacies. The purpose of OHA's analysis is to understand if different populations may experience different impacts as a result of the transaction.

OHA identified service areas for each pharmacy as the zip codes where patients live that account for 75% or more of the prescriptions dispensed by that pharmacy location. Population data are from the American Community Survey 5 Year 2018-2022 data.¹ ACS service area data are estimates based on survey responses. For the analysis of which pharmacies are located in smaller and rural communities, OHA used Rural-Urban Commuting Area Codes to identify areas with 50,000 or fewer residents.² The data sources used in this analysis do not support reporting by different race and ethnicity groups in a way that complies with Oregon's Race, Ethnicity, Language, and Disability (REALD) standards.³

How to read the charts

The charts in this analysis show the percentage of the service area population that has a characteristic. The bars show the value for each type of pharmacy. In the example chart to the right, 17% percent of people living in the combined service areas of pharmacies with no change in ownership are ages 65 and older. The vertical line indicates the overall percent of the population with a characteristic across the combined service areas for across all three pharmacy types. In the example, pharmacies acquired by Kroger serve populations with a higher percentage of older adults.

Older adults: Percent of service area population ages 65 and older.



Analysis results

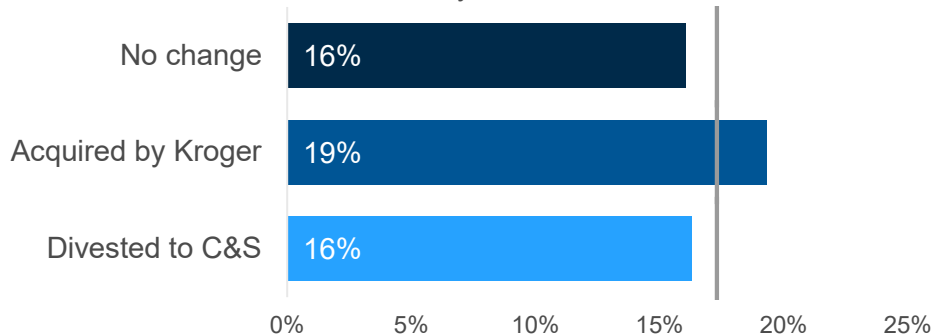
OHA looked at differences in the populations that live in pharmacy service areas across eight characteristics: no health insurance coverage, Oregon Health Plan coverage, low income, older adults, people with disabilities, less than high school education, language other than English, and unemployment. Overall, OHA found did not find many differences in the populations served by the different types of pharmacies. Key differences were:

- Pharmacies acquired by Kroger served populations with higher rates of older adults, people with disabilities, and low-income households.
- Pharmacies acquired by Kroger were far more likely to be located in communities with 50,000 residents or fewer.
- Pharmacies divested to C&S served populations with lower rates of people with disabilities and were the least likely to be located in smaller communities (50,000 residents or fewer).

Low income

OHA looked at the percent of the population with low incomes, defined as 138% of the Federal Poverty Level or less. Federal poverty level varies by household size. For example, a family of four at 138% of the federal poverty level would be an annual income of about \$43,000.⁴ Pharmacies acquired by Kroger served areas with a higher percentage of low-income individuals (19%) compared with pharmacies divested to C&S (16%) and with no ownership change (16%).

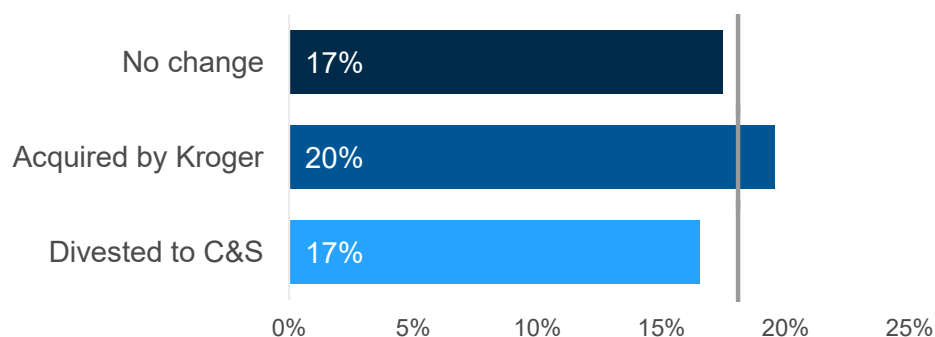
Low income: Percent of service area population with incomes at or below 138% of the Federal Poverty Level.



Older adults

OHA defined older adults as people ages 65 and older. Pharmacies acquired by Kroger served areas with a higher percentage of older adults (20%) compared with pharmacies divested to C&S (17%) and with no ownership change (17%).

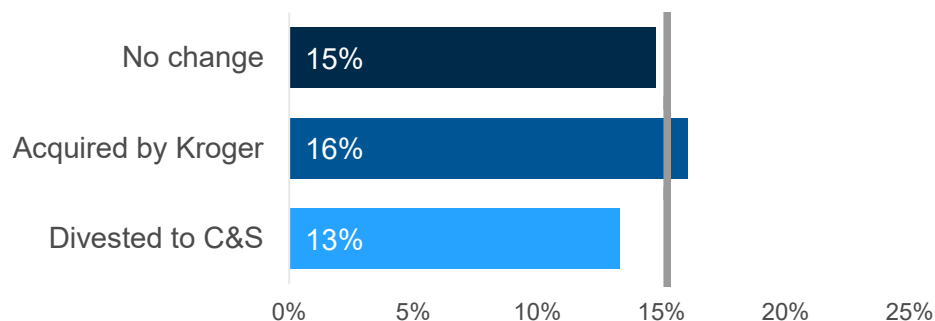
Older adults: Percent of service area population ages 65 and older.



People with disabilities

OHA analyzed the percent of individuals who report having a disability. Pharmacies divested to C&S served areas with lower rates of people with disabilities (13%) than pharmacies acquired by Kroger (16%) or with no ownership change (15%).

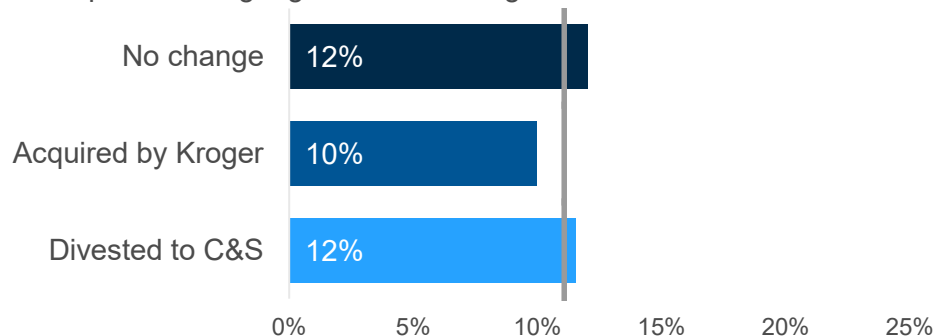
People with disabilities: Percentage of service area population that reports having a disability.



Language other than English

OHA looked at the percent of the population that speaks a language other than English at home. Areas served by pharmacies acquired by Kroger had the lowest percentage of the population speaking a language other than English at home (10%), compared with pharmacies with no change (12%) and those divested to C&S (12%).

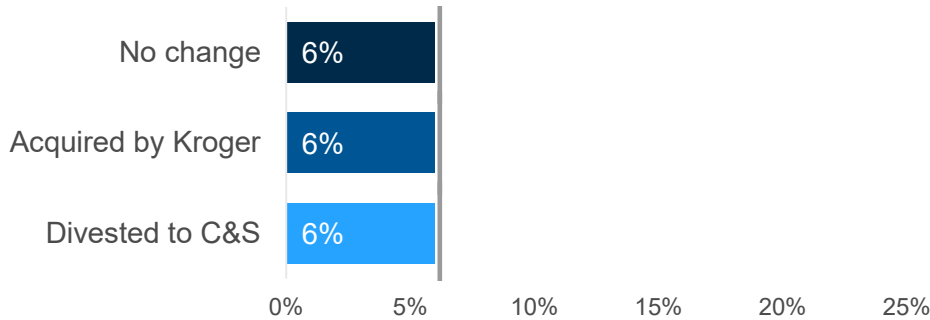
Language other than English: Percent of service area population that speaks a language other than English at home.



No health insurance coverage

OHA analyzed the percent of the population with no health insurance coverage. The percent of the population with no health insurance was similar across all three pharmacy types (6%).

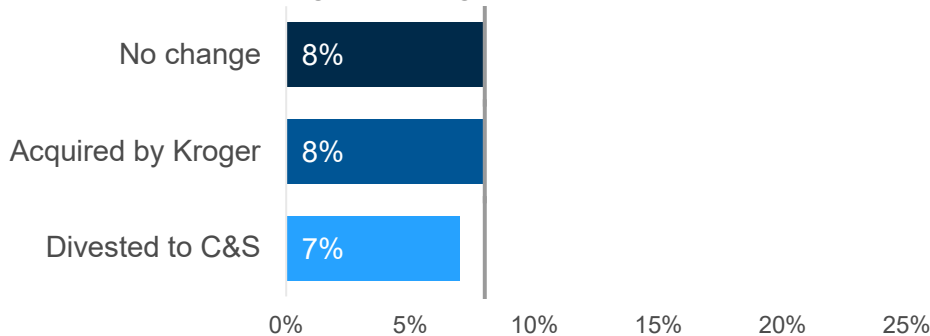
No health insurance: Percentage of service area population without health insurance coverage.



Less than high school education

OHA looked at the percent of the population ages 25 years and older that did not obtain a high school diploma. The rate of adults with no high school diploma was similar for areas served by pharmacies with no change (8%), acquired by Kroger (8%), and divested to C&S (7%).

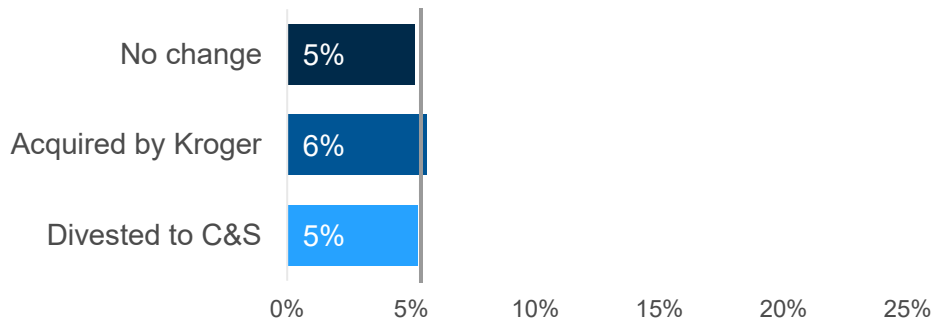
Less than high school education: Percent of service area population that did not graduate high school.



Unemployment

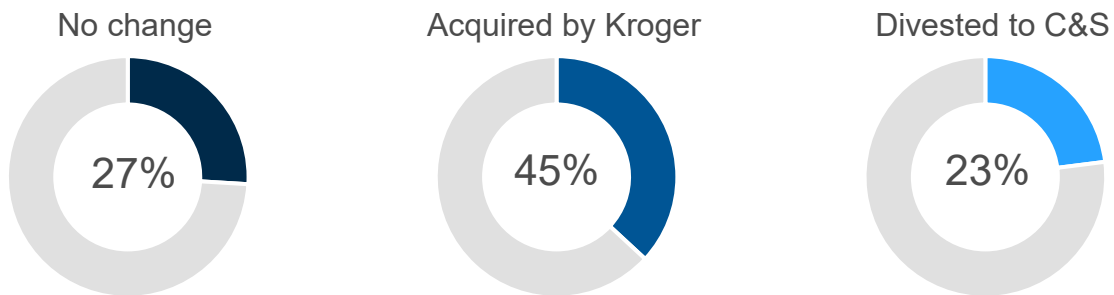
Unemployment includes people over age 16 who do not have a job and have looked for a job in the past four weeks. The unemployment rate was similar for areas served by pharmacies with no change (5%), acquired by Kroger (6%), and divested to C&S (5%).

Unemployment: Percentage of service area population without a job and looking for work.



Rural and small communities

OHA looked at the percent of pharmacies located in communities with fewer than 50,000 residents. This is based solely on the location of the pharmacy, not the entire service area. More pharmacies acquired by Kroger are located in communities with fewer than 50,000 residents (45%), compared with pharmacies divested to C&S (23%) and pharmacies with no ownership change (27%).



¹ U.S. Census Bureau (2022). 2018-2022 American Community Survey 5-year estimates. Data for this analysis are from ACS selected social characteristics, selected economic characteristics, selected housing characteristics, demographic and housing estimates, disability characteristics, and selected characteristics of health care coverage.

² U.S. Census Bureau (2022). 2018-2022 American Community Survey 5-year estimates. Data for this analysis are from ACS selected social characteristics, selected economic characteristics, selected housing characteristics, demographic and housing estimates, disability characteristics, and selected characteristics of health care coverage.

³ OHA's [Equity and Inclusion website](#) provides information about REALD standards and requirements.

⁴ Based on 2024 [Federal Poverty Level guidelines](#) for the 48 contiguous states and the District of Columbia.