



April 29, 2024

Re: Public Hearing — **013 Kroger-Albertsons**

The Oregon Health Authority's Health Care Market Oversight (HCMO) Program has convened a Community Review Board ("Kroger CRB"), pursuant to Oregon Revised Statute (ORS) 415.501(7) and Oregon Administrative Rules (OAR) 409-070-0062, to review the pending 013 Kroger-Albertsons proposed transaction (the "transaction") and provide recommendations to OHA.

On April 24, 2024, the Kroger CRB held a Public Hearing on the transaction attended by representatives from Kroger, C&S, and Albertsons. Please extend OHA's thank you to the representatives from Kroger, C&S, and Albertsons for their testimony at the hearing.

As follow-up from the hearing, OHA requests written responses to the questions listed in Attachment A of this letter. These questions reflect concerns raised by members of the public at the hearing and include additional inquiries from the Kroger CRB.

Please provide written, public-facing responses to the questions listed in Attachment A no later than **May 10, 2024**.

Don't hesitate to contact us with any questions.

Sincerely,

Sarah Bartelmann, MPH
Health Care Market Oversight Program Manager
Oregon Health Authority

Public Hearing – 013 Kroger-Albertsons Community Review Board Follow-up Questions

1. How will Kroger, Albertsons, and C&S preserve access to pharmacy services, including services like birth control and vaccinations?
2. In comments to OHA, members of the public have raised concerns about understaffing and long wait times at Fred Meyer’s pharmacies in Oregon.
 - a. How does the merged company plan to improve pharmacy staffing levels?
 - b. How does Kroger determine the level (FTE, hours) and type of staff (pharmacist, technician, pharmacy manager, etc.) needed for a given pharmacy location?
 - c. How does Kroger determine whether to hire pharmacy staff on a full- vs. part-time basis?
 - d. Describe any changes Kroger expects to make to how Kroger or Albertsons pharmacies are staffed (including hours, FTE, type of staff, full- vs. part-time) following the close of the transaction.
3. C&S stated it plans to offer employment to all frontline staff (including pharmacy staff) currently working in the divested stores.
 - a. Does C&S have contracts with current frontline staff to keep them working in the same store? If so, how long (months, years) after the close of the transaction would such contracts be in effect?
 - b. Has Kroger made any contractual or other commitments to C&S to support C&S’ hiring and retention of frontline staff at the divested stores? Describe any such contractual or other commitments and their duration.
4. In 2021, Walgreens took over the operation of certain Bi-Mart pharmacies in Oregon. Several of these pharmacies closed, due in part to insufficient staffing. OHA understands that many Bi-Mart pharmacy staff declined to apply for employment with Walgreens, despite Walgreens offering substantial sign-on bonuses.
 - a. What is C&S doing to ensure a different outcome for the divested pharmacies?
 - b. What measures will C&S take to ensure that existing pharmacy staff at the divested stores either choose to apply for employment or continue their employment with C&S?
 - c. How will C&S ensure that pharmacies are adequately staffed to continue providing the same (or improved) levels of pharmacy services in the event current pharmacy staff at the divested stores choose *not* to apply for employment or continue their employment with C&S following the divestiture?
5. Will there be any changes in insurance plans accepted at Kroger or Albertsons pharmacies in Oregon?
 - a. For the acquired Safeway and Albertsons pharmacies in Oregon, will Kroger continue Albertsons’ current PBM and insurer contracts for the duration of those contracts?
 - b. When does Kroger expect to renegotiate PBM and insurer contracts for the acquired Safeway and Albertsons pharmacies in Oregon?
 - c. Will C&S “take over” existing PBM and insurer contracts for the divested pharmacies in Oregon for any length of time? Why/why not?
 - d. Does C&S plan to negotiate new contracts with all PBMs and insurers that divested pharmacies in Oregon are currently contracted with?