

Health Care Market Oversight

# **Transaction 051**

## **Paulus - Alto**

### **Preliminary Review Report**

May 13, 2025



# About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary review of the proposed material change transaction involving Paulus Holdings Limited and Alto Pharmacy Holdings, Inc. It accompanies the Findings of Fact, Conclusions of Law, and Order (“Preliminary Review Order”) issued by Oregon Health Authority on May 13, 2025. For legal requirements related to the proposed transaction, please reference the [Preliminary Review Order](#).

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# Executive Summary

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support Oregon's goals of health equity, lower costs, increased access, and better care. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company can proceed.

## Proposed Transaction

On April 28, 2025, OHA accepted a complete Notice of Material Change Transaction ("notice") from Paulus Holdings Limited ("Paulus"), with respect to its proposed acquisition of Alto Pharmacy Holdings, Inc. ("Alto"). After the transaction closes, Paulus will own the Alto business and operating subsidiaries.

Both Paulus and Alto operate pharmacy businesses. Paulus' subsidiary Truepill, Inc. ("Truepill") operates a white label mail-order pharmacy that fills and delivers prescriptions nationwide. Alto operates 13 physical pharmacy locations in five states and delivers mail-order prescriptions nationwide. Neither Truepill nor Alto operate physical pharmacies in Oregon, but both ship prescriptions to patients in Oregon through their mail-order pharmacy business.

## OHA's Review

OHA completed a 30-day preliminary review of the proposed transaction. During the review, OHA assessed the likely impact of the transaction across various domains, in alignment with preliminary review criteria. OHA held a public comment period and received no public comments.

## Key Findings

OHA found that the size and effects of both Paulus and Alto do not warrant comprehensive review. Neither Paulus nor Alto has a significant presence in Oregon. Paulus does not operate any physical pharmacies in Oregon and Truepill's prescriptions account for a small fraction of all prescriptions filled in Oregon. Oregon-filled prescriptions also account for a small portion of Truepill's prescriptions that are filled nationwide. Further, Truepill only has two employees residing and working in Oregon. Alto does not operate any physical pharmacies in Oregon, fills few prescriptions in Oregon, and has only four remote employees residing in Oregon.

## Conclusions and Decision

Based on preliminary review findings, **OHA approved the transaction on May 13, 2025.** (See [Preliminary Review Order](#)). OHA approved the proposed transaction based on the following criterion:

- 1. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.**

Paulus and Alto do not have a significant business presence in Oregon. The entities do not operate pharmacies in Oregon, have few staff based in Oregon, and do not maintain significant market share in Oregon. The specific impact of the proposed transaction on Oregon residents is relatively minor.

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete.

# Introduction

OHA's Health Care Market Oversight program (HCMO), launched in March 2022, reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality. The HCMO program is governed by [Oregon Revised Statute 415.500 et seq.](#) and [Oregon Administrative Rules 409-070-0000 through -0085](#).

In the authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed transaction. After reviewing a given proposed transaction, OHA may approve, approve with conditions, or disapprove the transaction.

The HCMO program fits within OHA's broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care. The program also supports OHA's goal of eliminating health inequities by 2030.

## The Preliminary Review Process

Health care entities planning a transaction that is subject to HCMO review must submit a Notice of Material Change Transaction ("notice") to OHA. The notice must comply with the requirements of OAR 409-070-0045 and be submitted to OHA no later than 180 days before the planned closing date of the transaction. OHA is required to complete a preliminary review of the proposed transaction, in accordance with OAR 409-070-0055, within 30 calendar days of confirming receipt of a complete notice, unless the review period is tolled or extended in accordance with OAR 409-070-0085.

For OHA to approve a transaction following preliminary review, OHA must determine that the transaction meets at least one of the following criteria specified in OAR 409-070-0055(2):

- a) The material change transaction is in the interest of consumers and is urgently necessary to maintain the solvency of an entity involved in the transaction;
- b) The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon;
- c) The material change transaction is likely to meet the criteria set forth in OAR 409-070-0060;
- d) The material change transaction is not likely to substantially alter the delivery of health care in Oregon; or
- e) Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

If OHA is unable to determine that the proposed transaction meets at least one of the above criteria, OHA must conduct a comprehensive review pursuant to ORS 415.501(7)(a) and OAR 409-070-0055(3).

## Transaction Notice Submission

On April 28, 2025, OHA accepted a complete Notice of Material Change Transaction (“notice”) from Paulus Holdings Limited (“Paulus”), a private company incorporated in Ireland, with respect to its proposed acquisition (the “transaction”) of Alto Pharmacy Holdings, Inc. (“Alto”), a Delaware corporation, through a series of mergers.

OHA reviewed the notice and determined, based on the facts in the notice, that the transaction is subject to review. The entities party to the transaction meet the revenue thresholds specified in [OAR 409-070-0015\(1\)](#) and the proposed transaction is otherwise covered by the program in accordance with [OAR 409-070-0010](#).

After receipt of the complete notice, OHA began a preliminary review of the proposed transaction. This report describes the transaction and summarizes OHA’s findings and conclusions from the preliminary review.

### Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On April 28, 2025 OHA posted a comment form to the [Transaction Notices and Reviews](#) page of the HCMO website and emailed subscribers to the HCMO program updates to inform them about the opportunity to provide comment. OHA accepted comments via the form, phone, and by email to [hcmo.info@oha.oregon.gov](mailto:hcmo.info@oha.oregon.gov). OHA received no public comments.

## Proposed Transaction

Through the proposed transaction, Paulus plans to acquire Alto. Both Paulus and Alto offer pharmacy services nationwide. The sections below describe the entities involved in the transaction, rationale for the transaction, the transaction terms, and the entities’ post-transaction plans.

## Entities Involved

### Paulus

Paulus is a private limited company headquartered in Dublin, Ireland.<sup>1</sup> Paulus was founded in 2015 and is governed by a Board of Directors.<sup>2</sup>

Paulus serves as a holding company of various operating subsidiaries that provide health testing and diagnostic services and virtual pharmacy platform services.<sup>3</sup> Paulus also recently acquired Optum Hospice Pharmacy Services, LLC, which provides billing and administrative services to hospice agencies.<sup>4</sup>

The table below summarizes Paulus’s core health care services.

Truepill, Inc.	Operates a virtual pharmacy platform that provides mail order and administrative services providers, drug manufacturers, and health plans nationwide. <sup>5</sup>
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<b>LetsGetChecked</b>	Provides home-collection diagnostic test kits and lab analysis services across the U.S. and Europe, covering conditions such as STD's, hormones, kidney function, and genetic screening. <sup>6</sup> LetsGetChecked also provides non-clinical administrative services to certain medical practices that offer virtual care for customers to manage their health from home. <sup>7</sup>
<b>Optum Hospice Pharmacy Services, LLC</b>	Provides services to hospice providers, including administrative support, payment processing, data analytics, consulting, manufacturer negotiations, and technology solutions to hospice providers. <sup>8</sup>

Paulus, through its subsidiaries, does not operate any physical pharmacy locations in Oregon.<sup>9</sup> Truepill, Inc. ("Truepill") fills prescriptions for patients nationwide, including patients residing in Oregon.<sup>10</sup>

### Truepill

Truepill was founded in 2016 and acquired by Paulus in 2024.<sup>11</sup> Truepill operates as a virtual pharmacy platform that provides comprehensive backend healthcare support services to providers, insurers, and manufacturers across the United States.<sup>12</sup>

Following a white-label model, all services are delivered under partner organizations' branding, with Truepill remaining invisible to end patients.<sup>13</sup> Truepill fills prescriptions on behalf of customers from telehealth platforms like Hims, Hers, GoodRx, Folx, and other online direct-to-consumer pharmacies.<sup>14</sup> According to its website, Truepill has served more than 5 million patients and delivered more than 20 million prescriptions to date.<sup>15</sup>

#### What is a white-label pharmacy?

White-label pharmacies provide products and services, such as filling prescriptions and maintaining virtual platforms, that are then sold to customers under the brand of another company.

Core service offerings of Truepill include:<sup>16</sup>

- **Virtual Pharmacy:** Truepill operates a white-label digital pharmacy platform that enables partnering companies to offer branded virtual pharmacy services while Truepill manages the entire backend pharmacy workflow, including fulfillment and operations.
- **Prescription Fulfillment:** Truepill dispenses medications and ships such medications nationwide using third party shipping services. Truepill does not own or operate in-house courier services.
- **Over-the-Counter:** Truepill fills and ships limited over-the-counter products.
- **Customer Service:** Truepill maintains an in-house customer service team to provide patient support on behalf of partnering companies.

- **Clinical Services:** Truepill connects the patients of partnering companies with virtual clinical support and consultation services provided by Truepill’s in-house clinical professionals.

In 2022, the United State Drug Enforcement Administration (“DEA”) alleged that Truepill had unlawfully filled prescriptions for stimulants that exceeded 90-day supply limits and/or were written by prescribers that did not possess the proper licensing.<sup>17</sup> In 2023, Truepill settled with the DEA, accepting responsibility for running an unregistered online pharmacy, filling prescriptions for controlled substances in excess of the 90-day limit, and filling prescriptions written by providers who did not have proper licenses.<sup>18</sup> As part of the settlement, Truepill agreed to revise its policies, provide additional training to its pharmacists, and submit to heightened compliance measures for four years.

## Alto

Alto is a Delaware corporation that is headquartered in San Francisco, California. Alto provides pharmacy services directly to patients, as well as pharmacy and technology solutions for enterprise partners.<sup>19</sup> Alto is managed by a seven-member Board of Directors.<sup>20</sup>

Alto operates 13 physical pharmacy locations in California, Colorado, New York, Texas, and Washington State. Alto also operates a digital pharmacy platform that ships medications nationwide, offering same- or next-day delivery in select areas.<sup>21</sup> Alto reports that it has fulfilled more than 7.5 million prescriptions nationwide. In Oregon, Alto fills prescriptions for a limited selection of drugs, mostly fertility medications.<sup>22</sup> Alto does not operate any physical pharmacy locations in Oregon.

Alto operates four distinct business segments:<sup>23</sup>

- **Local Full-Service Pharmacy:** Alto operates retail pharmacies that provide pickup and delivery services for most medication types, including specialty, branded, generic, and over-the-counter medications.<sup>24</sup>
- **Mail Order Pharmacy for Fertility Medications:** Through partnerships with fertility clinics and benefit providers, Alto ships fertility drugs to patients nationwide.
- **Dispensing Pharmacy Solutions for Enterprise Partners:** Alto provides prescription fulfillment, delivery, and patient services to corporate partners. Through these partnerships, Alto ships a limited number of non-fertility medications nationwide.
- **Technology Solutions for Enterprise Partners:** Alto recently began providing non-dispensing technology solutions for partners through Alto Hub+. Alto Hub+ automates workflow processes such as benefits verification, prior authorization, and patient cost-saving assistance, but does not support actual medication dispensing.<sup>25</sup>



## Rationale for the Transaction

Through the transaction, the entities seek to “unlock new investment to grow the parties’ respective and complementary product offerings.”<sup>26</sup> Paulus approached Alto to explore the transaction after identifying a strategic opportunity related to fertility treatments.<sup>27</sup>

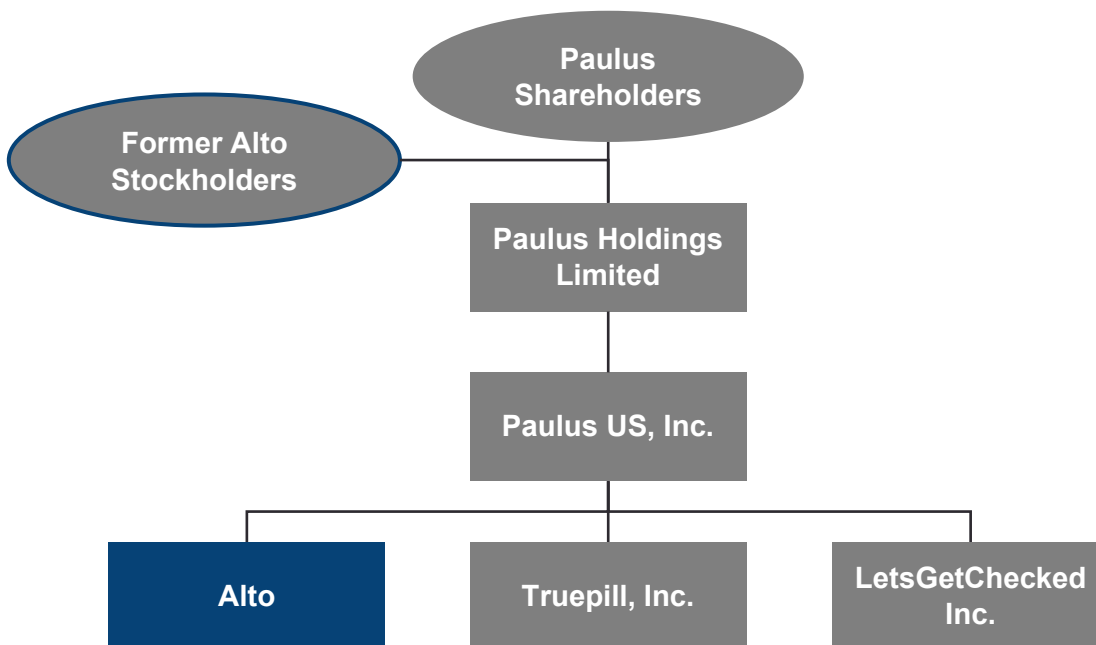
## Transaction Terms

On March 17, 2025, Paulus, Alto and two entities newly formed for purposes of effecting the transaction, entered into an Agreement and Plan of Merger which outlined the following specific terms:

- Alto stockholders will receive consideration in connection with the proposed transaction, valued between \$1 billion to \$1.5 billion, in the form of cash and equity interests in Paulus.<sup>28</sup>
- Soprano Merger Sub, Inc., a wholly owned subsidiary of Paulus, will merge with Alto and Alto will continue as the surviving corporation. Immediately following that first merger, Alto will be merged with and into Soprano Merger Sub II, LLC (“Merger Sub II”) and Merger Sub II will continue as the surviving corporation and hold the Alto assets.

## Post-Transaction Plans

Following the closing of the proposed transaction, Paulus will wholly own the Alto business and its operating subsidiaries. The simplified organization chart below shows the post-transaction structure.



The entities state that they do not anticipate significant changes to Alto’s governance or management structure.<sup>29</sup> The entities also state that they intend to explore expanding services in Oregon, including courier services, though they have not provided any detailed

plans.<sup>30</sup> The entities state that they do not expect to make changes to staffing in Oregon. The entities also state that they expect the following benefits for consumers as a result of the transaction:<sup>31</sup>

- Expanded delivery options;
- Reduced delivery costs;
- Improved speed and accuracy of prescription drug intake and billing; and
- Improved customer onboarding.

# Findings & Potential Impacts

OHA compiled and analyzed data and information to understand and examine the potential impacts of the transaction and alignment with preliminary review criteria. For more information on OHA's analysis, see **Appendix A: OHA's Review**. The below sections summarize OHA's findings from the preliminary review.

## Key Findings

### **Neither entity has a significant presence in Oregon.**

As companies that provide virtual pharmacy platform services nationwide with capacity to ship prescriptions to individuals in Oregon, Paulus and Alto do provide services to Oregonians. The entities, however, do not have significant business operations in Oregon compared to their presence in other states and other pharmacy companies operating in Oregon.

### **Paulus doesn't operate locations in Oregon and does not have significant business in Oregon.**

Truepill, a subsidiary of Paulus, fills prescriptions nationwide via mail, including in Oregon. Prior to the transaction, Truepill does not operate any physical pharmacy locations or facilities in Oregon. In 2024, Truepill prescriptions accounted for an immaterial percentage of prescriptions filled in Oregon.<sup>32</sup> Revenue from Oregon is a small share of Truepill's overall revenue nationwide and amounted to a small fraction of all prescription payments in Oregon in 2024.<sup>33</sup> The company employs two remote employees in Oregon.<sup>34</sup>

### **Alto does not operate locations in Oregon and does not have significant business in Oregon.**

Alto operates physical pharmacy locations in California, Colorado, New York, Texas, and Washington State. Alto does not operate any physical pharmacies or facilities in Oregon.<sup>35</sup> The majority of Alto's business in Oregon comprises mail order pharmacy services for fertility drugs, which account for a small share of prescriptions in the state.<sup>36</sup> The company employs four remote workers who are located in Oregon.<sup>37</sup>

### **The transaction is unlikely to result in significant changes to services in Oregon.**

The entities state that they plan to maintain existing contractual agreements. They do not anticipate any changes to the types or level of services, with the exception of potentially expanding Alto's courier hub model.<sup>38</sup>

# Conclusions

Based on preliminary review findings, **OHA approved the transaction on May 13, 2025.** See [Findings of Fact, Conclusions of Law, and Order](#), dated May 13, 2025. The transaction was approved per ORS 415.501(6)(b) and OAR 409-070-0055(2)(e), because OHA determined that comprehensive review is not warranted given the size and effects of the transaction.

## Approval Criteria

The approval criteria are specified in administrative rules for the HCMO program and are consistent with Oregon law. Below is a summary of the main reasons, based on the findings described in this report, why OHA considers the criterion satisfied.

### **Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.**

Paulus and Alto do not have a significant business presence in Oregon. The entities do not operate physical pharmacies in Oregon, have very few staff based in Oregon, and do not maintain significant market share in Oregon. The specific impact of the proposed transaction on Oregon residents is relatively minor.

## Follow-Up Reviews

As required by statute, OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA's monitoring will assess whether the entity keeps the commitments included in the notice. More broadly, OHA will monitor changes to health care cost, quality, access and health equity for people in Oregon.

As part of the required monitoring activities, OHA may request additional information from the entities. OHA will publish findings and conclusions from follow-up analyses to the HCMO website.

## **Appendix A: OHA's Review**

OHA performed a preliminary review of the proposed transaction to assess its potential impact on Oregon's health care delivery system.

OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.<sup>39</sup> The framework is grounded in the goals, standards, and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

### **Background Research and Literature Review**

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction and the entities involved. OHA consulted publicly available sources, including press releases and media reports; Securities & Exchange Commission (SEC) filings; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; peer-reviewed journal articles and research reports, and other relevant governmental communications.

# References

<sup>1</sup> Appendix to HCMO-1. Response 10a. Available at:

[https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid. Response 10f.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid. Response 12.

<sup>12</sup> Ibid. Response 10a.

<sup>13</sup> Ibid.

<sup>14</sup> Whittaker Z, Page C. Healthcare startups scramble to assess fallout after Postmeds data breach hits millions of patients. TechCrunch. Nov 18, 2023. Available at: <https://techcrunch.com/2023/11/18/postmeds-truepill-data-breach-pharmacy-millions/>

<sup>15</sup> Truepill website. Available at: <https://www.truepill.com/pharmacy-fulfillment>

<sup>16</sup> Appendix 10a

<sup>17</sup> United States Drug Enforcement Administration. DEA Serves Order to Show Cause on Truepill Pharmacy for its Involvement in the Unlawful Dispensing of Prescription Stimulants. Press Release. Dec 15, 2022. Available at: <https://www.dea.gov/press-releases/2022/12/15/dea-serves-order-show-cause-truepill-pharmacy-its-involvement-unlawful>

<sup>18</sup> United States Drug Enforcement Administration. Statement by the Administrator on DEA's Settlement Agreement with Truepill Pharmacy. Nov 6, 2023. <https://www.dea.gov/documents/2023/2023-11/2023-11-06/statement-administrator-deas-settlement-agreement-truepill>

<sup>19</sup> Appendix to HCMO-1. Response 10a. Available at:

[https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

<sup>20</sup> Alto website. The Founding Story of Alto. Dec 3, 2020. Available at:

<https://www.alto.com/blog/post/founding-story-alto>

<sup>21</sup> Appendix to HCMO-1. Response 11f. Available at:

[https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

<sup>22</sup> Ibid.

<sup>23</sup> Ibid. Response 11a.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid. Response 6a.

<sup>27</sup> Ibid. Response 7.

<sup>28</sup> Ibid. Response 6b.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid. Response 7.

<sup>31</sup> Ibid. Response 6a.

<sup>32</sup> 3 Oregon Health Authority. (2025). All Payer All Claims Reporting Program. Release 23. Salem, Oregon: Oregon Health Authority.

<sup>33</sup> 3 Oregon Health Authority. (2025). All Payer All Claims Reporting Program. Release 23. Salem, Oregon: Oregon Health Authority.

<sup>34</sup> Appendix to HCMO-1. Response 11. Available at:

[https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

<sup>35</sup> Alto website. Available at: <https://www.alto.com/>. See also Appendix to HCMO-1. Response 11. Available at: [https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

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<sup>36</sup> See also Appendix to HCMO-1. Response 11.f.viii. Available at:

[https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1\\_Redacted.pdf](https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/Appendix-to-HCMO-1_Redacted.pdf)

<sup>37</sup> Ibid. Response 11.f.iv.

<sup>38</sup> Ibid. Response 13c.

<sup>39</sup> Oregon Health Authority, Health Care Market Oversight Analytic Framework, January 31, 2022, available at <https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/OHA-HCMO-Analytic-Framework-FINAL.pdf> (Accessed 8/10/22)