

A Reporter Looks At Consolidation

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M&A: Hero Or Villain?



Mergers can have downsides.



Why is consolidation happening?

Companies merge for different reasons.

- Drug companies: Often mergers of weakness, or attempts to get a single promising product.
- Hospitals are combining with each other and buying or linking up with physician practices to better compete with insurers.
- Insurers are competing with hospitals, and want more scale to negotiate prices and manage risk.

Mergers have consequences

- Last year, two of the three biggest pharmacy benefit managers were independent. Now none will be, because CVS is buying Aetna, and Cigna is purchasing Express Scripts.
- Between 2000 and 2013, the percent of independent physicians dropped from 57% to 33%.

We Get The Consolidation We Want.

THE WALL STREET JOURNAL Matthew Herper ▾

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OPINION | COMMENTARY

How I Was Wrong About ObamaCare

The law's drafters wanted consolidation: 112 hospital mergers last year. But smaller practices have improved care better.

By *Bob Kocher* 1166 COMMENTS
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I was wrong. Wrong about an important part of ObamaCare.

When I joined the Obama White House to advise the president on health-care policy as the only physician on the National Economic Council, I was deeply committed to developing the best health-care reform we could to expand coverage, improve quality and bring down costs. We worked for months to pass this landmark legislation, and I



How do mergers impact consumers?



Tommy Mann was denied an expensive cholesterol drug he needs. "You're tucking your kids in at night and you get a letter that we're not going to cover you because you haven't had a heart attack yet," he says.