



Caremark Rx Business Practices Investigated by 19 State AGs

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Officials for Tennessee-based [Caremark Rx](#), the second-largest U.S. pharmacy benefit manager, on Friday announced that attorneys general from 19 states have launched an investigation into company business practices, the [AP/Miami Herald](#) reports (McDowell, *AP/Miami Herald*, 7/3). Caremark officials said that the company on Thursday received an information request called a "civil investigative demand" from Washington state Attorney General Christine Gregoire (D). In a statement, Caremark officials said that Gregoire requested information "pursuant to consumer-protection statutes and business practices" related to the company and [recently acquired](#) PBM [AdvancePCS](#). According to Caremark officials, Gregoire said that 18 additional state attorneys general plan to issue similar administrative subpoenas. Neither Caremark nor Gregoire named the additional state attorneys general involved in the investigation ([Baltimore Sun](#), 7/3).

Reaction

Caremark spokesperson Gerard Carney said that company business practices "comply in all material respects with applicable laws and regulations," adding, "[t]he company intends to fully cooperate with the requests for information." He said that the subpoenas "appear to request information from us relating to issues that are similar to those addressed in other recent industry settlements" (*AP/Miami Herald*, 7/3). In April, [Medco Health Solutions](#), the largest U.S. PBM, agreed to pay \$29.3 million to settle charges in a lawsuit filed by attorneys general in 20 states that the company switched patient medications and withheld the savings to increase profits ([Kaiser Daily Health Policy Report](#), 4/27). Lori Takahashi, a spokesperson for Gregoire, said, "We knew that Medco's case would spawn some more of these, that was part of the intent of going after at least one" PBM. Kemp Dolliver, an analyst for [S.G. Cowen Securities](#), said, "This shouldn't come as a surprise to anyone," adding that the attorneys general in the Medco investigation "indicated they were going to look at the rest of the industry" (*Baltimore Sun*, 7/3).