



December 8, 2017

Maureen K. Ohlhausen  
Acting Chairwoman  
Federal Trade Commission  
400 7th St., SW  
Washington, DC 20024

Scott Gottlieb, MD  
Commissioner  
U.S. Food & Drug Administration  
10903 New Hampshire Avenue  
Silver Spring, MD 20993

Re: Federal Trade Commission Workshop on "Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics"

Dear Acting Chairwoman Ohlhausen and Commissioner Gottlieb:

Let me begin by thanking you for the opportunity to provide comments on the Commission's November 8, 2017, workshop titled, "Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics." I am a trained doctor of pharmacy and the co-founder and chief executive officer of PillPack, Inc. PillPack is an independent, full-service pharmacy focused on meeting the needs of customers who are living with chronic health conditions. We offer differentiated packaging, services, and technology tools to support medication adherence and better health outcomes for these customers. I am writing to offer strong support for your commitment to address the role of intermediaries in prescription drug pricing, consumer access, and quality.

I would like to offer the following comments in response to the FTC's specific questions regarding the role of intermediaries, such as pharmacy benefit managers (PBMs) and group purchasing organizations (GPOs) in prescription drug pricing, consumer access, and quality. I will address both the benefits and costs of intermediaries in the pharmaceutical supply chain, and the impact of industry consolidation on price, access, or quality.

PillPack has a unique perspective on the market dynamics at play. We are neither a chain retail pharmacy nor a traditional mail-order pharmacy. Rather, we are the only independent pharmacy in the U.S. that has broad insurance coverage and is licensed to deliver prescription medication to customers nationwide. In a \$400 billion industry, there should be more independent pharmacies and new entities competing to offer services tailored to specific market sectors and niches. Instead, current market forces favor consolidation and vertical integration in the marketplace. In this environment, it is increasingly important to take proactive steps to lower the structural barriers for new entrants.

For example, three PBM companies currently control access to over 70 percent of potential pharmacy customers. These entities have vast power to shape the medication delivery market, and they exercise that power aggressively to limit competitive new entrants. Two specific actions could help mitigate these issues. First, mutually agreed upon federal and state board certifications should be required for pharmacies to gain network access, not private accreditations and licenses. This will increase

transparency and help level the playing field for new entrants, easing restrictions on access to payer networks. Second, examine the impact of vertically-integrated ownership of mail-order and specialty pharmacies by PBMs on pricing incentives and customer experience. The FTC should take steps to ensure these integrations do not negatively impact the end consumer or limit competition.

In these ways, your agencies can spur private market forces that encourage innovation, create downward pressure on prices through open market competition, and align incentives around positive patient health outcomes. We encourage you to explore ways to help new commercial entrants access payer networks, while maintaining the high standards of safety that we all currently enjoy.

It is encouraging to see the FTC sponsor events such as the public workshop on “Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics,” and I hope the Commission will continue to provide opportunities for independent pharmacies and customer advocates to have their voices heard. I am prepared and eager to participate in these discussions in the future, and welcome any questions you may have.

Sincerely,



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**PillPack**

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