



Sapoznik Insurance Spotlight

Wal-Mart finds a cheaper path to Wellness

May, 2008

Dear Rachel,

Keeping our associates informed of the ever changing employee benefits landscape is a vital part of Sapoznik Insurance's commitment to **value, advocacy and service**. Please have a look at this recent article highlighting important prescription drug discounts. As always, we welcome your questions and comments, so feel free to drop us a line anytime.

Warm Regards,

Rachel Sapoznik
Founder & CEO
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Featured Article
Miami Herald

BY: JOHN DORSCHNER

Wal-Mart expands its discount on generic prescription drugs, leaving competitors like Target to copy its plan or devise their own discounts.

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Ratcheting up the competition among big retailers battling in the healthcare field, Wal-Mart announced Monday that it was expanding its \$4 prescription-drug program to include 1,000 over-the-counter drugs and adding 90-day prescriptions for \$10.

Target immediately said it would match all aspects of the program. Navarro Discount Pharmacies said it was already price competitive, but planned to add a major discount generic program in the next three months.

Walgreens said it was already competitive, although a quick price comparison at one South Florida pharmacy showed Wal-Mart's new prices were significantly cheaper.

In September 2006, Wal-Mart started an intensive price war by offering almost 300 generics for \$4 a month, sparking some intense, albeit limited, competition.

Last August, Publix came up with a program offering seven common antibiotics for free at its pharmacies.

During the Monday conference call, Wal-Mart rejected any idea it would try to match free offers such as Publix's. "Free is not a long-term, sustainable proposition," one executive said.

Wal-Mart has continued to expand its offerings. The list now includes 350 generics at \$4 for a month's supply and deep discounts on several drugs used primarily by women. Those drugs include a generic version of Fosamax, used to treat osteoporosis, now available at Wal-Mart for \$9 for a 30-day supply, less than half what other retailers had been charging.

Wal-Mart executives said they were keeping up the trend. "We can do more to help families nationwide at a time when they need us," said John Agwunobi, a Wal-Mart senior vice president.

The over-the-counter offerings will cover generic versions of such big-name brands as Zantac, Pepcid and Claritin. They will be priced at \$4, about half the price they sell for now in major drug stores and supermarkets, Wal-Mart executives said.

A quick check at two South Florida stores showed the Wal-Mart offer provides considerable savings.

At a Publix in Miami Shores, extra-strength acetaminophen, the equivalent of Tylenol, cost \$7.99 for 100 tablets, compared to Wal-Mart's \$4 for 200 tablets. The Publix brand equivalent of Advil cost \$10.99 for 250 tablets, compared to Wal-Mart's \$4 for 200.

At Publix, the 20 mg equivalent of Pepcid cost \$4.99 for 25 tablets, compared to \$4 for 50 tablets at Wal-Mart. Sixty tablets, 75 mg strength, of the equivalent of Zantac cost \$12.99 at Publix, compared to \$4 for 65 tablets, 150 mg strength at Wal-Mart.

At a Miami Shores Walgreens, the allergy medicine Claritin was \$23.99 for 40 tablets and \$13.99 for the equivalent, compared to \$4 for 30 tablets of the generic at Wal-Mart.

At Walgreens, 100 "Cool Caplets" of Tylenol Extra Strength cost \$8.99 and the generic cost \$5.99. Wal-Mart charges \$4 for 200 extra-strength caplets. Advil cost \$14.99 for 200 tablets, while the generic Walgreens brand is \$8.99 for 100, compared to \$4 for 200 tablets or caplets at Wal-Mart.

In its existing \$4 prescription drug program, Wal-Mart estimated it has saved its Florida customers \$81.4 million during the year and a half its program has been in existence. Its research showed the company saved Florida customers an average of \$6.09 on more than 13 million prescriptions. Across the country, Wal-Mart claimed it had saved consumers over \$1 billion.

But not all competitors have followed Wal-Mart's lead. A price check at myfloridarx.com for enalapril, a common generic used to treat blood pressure, shows that in Broward, Wal-Mart sells a 30-day supply for \$4, CVS for \$12.79, Walgreens, \$20.49 or \$26.99 and other, smaller pharmacies for up to \$73.65.

On Monday, Target was quick to jump on the bandwagon. "We will continue to be competitively priced," said spokesman Joshua Thomas. Target will match the 90-day price of \$10 and the over-the-counter cost of \$4, he said.

Marcio Cabrera, chief executive of Navarro, said the South Florida chain believe it has "very competitive pricing" and top quality service with its pharmacists. Still, Navarro is working vendors to offer 250 to 350 generics at \$9.99 for 100 tablets, a program that might available in three months, Cabrera said.

Michael Polzin, spokesman for Walgreens, said the Wal-Mart move was "more a reaction to our success." When Wal-Mart announced its discount program in September 2006, Walgreens had 15.9 percent market share of the retail pharmacy market. Now it's at 17.8 percent.

Walgreens has several over-the-counter products that beat or are close to beating Wal-Mart prices, Polzin said.

Publix and CVS did not respond to Herald requests for comment.



As part of Wal-Mart's commitment to lowering healthcare costs, Wal-Mart offers over 350 prescription drugs at only \$4 per 30-day supply. Customers are eligible for this program whether or not they have any prescription-drug coverage. Since its inception, this program has already saved customers over \$1 billion. To obtain a listing of eligible drugs in the program or to learn more simply log onto www.walmart.com

\$4 Prescription Program

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