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Wal-Mart Expands \$4 Drugs Program

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Wal-Mart Stores Inc. is expanding its national \$4 generic prescription drug program by about 10 percent, adding drugs for some new conditions.

The world's largest retailer said Thursday it has added drugs covering glaucoma, attention deficit disorder, attention deficit hyperactivity disorder, fungal infections and acne.

Two prescription birth control drugs and one fertility drug were added at \$9, reflecting a higher cost that the company said could not be brought down further.

The Bentonville, Ark.-based retailer launched the \$4 generics program late last year as it pushed a variety of health and environmental initiatives to counter political pressure led by union groups over its labor practices, including health insurance.

"We have taken what we do best, working with suppliers, driving costs out of the supply chain and passing those savings to our customers. Now we're applying that to health care," chief operating officer Bill Simon said on a conference call for reporters and analysts.

The increase adds about 30 prescriptions, made up of 14 drugs in various doses, to a list of 331 prescriptions and 143 drug compounds sold under the first phase introduced last year.

Critics including the National Community Pharmacists Association, which represents non-chain pharmacies that compete with Wal-Mart, have called the discounts a publicity stunt that covers only a fraction of the 8,700 generic prescription drugs approved by the Federal Drug Administration.

Analysts have said the main benefit for Wal-Mart was in drawing more shoppers into its stores who may come for prescriptions and then make purchases in other departments.

Wal-Mart has made the \$4 plan, which covers 30 days worth of generic drugs, a central plank of its public relations effort and says the program has cut over \$610 million in health care costs since it started. That figure is the difference between the old price it charged for the generics and the new price, times the number of prescriptions sold, Simon said.

Simon said Wal-Mart is not selling any of the \$4 prescriptions at a loss. The generics are profitable, he said, without providing detailed figures.

Simon said the \$4 generics under the first phase account for just under 40 percent of all prescriptions filled at Wal-Mart pharmacies. He projected that rate will climb to well over 40 percent with the new drugs.

Shares of Wal-Mart Stores rose 30 cents to \$43.60 in morning trading Thursday.

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