CVS CAREMARK to Purchase Universal American's Medicare Part D Business

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WOONSOCKET, R.I., Dec. 31, 2010 /PRNewswire-FirstCall/ -- CVS Caremark (NYSE: CVS [1]) today announced it has entered into an agreement to acquire the Medicare Part D business of Universal American (NYSE: UAM [2]) for approximately $1.25 billion. Universal American is a leading Medicare Prescription Drug Plan (PDP) sponsor based in Rye Brook, New York. The acquisition will more than double the size of CVS Caremark's Medicare Part D program. Universal American's Part D business currently serves approximately 1.9 million Medicare PDP members, while CVS Caremark serves approximately 1.2 million Medicare PDP members. This reflects current levels of membership and does not include 2011 auto assignment or the results of the Annual Enrollment Period which will end on December 31, 2010.

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"Today's transaction furthers CVS Caremark's position as a significant player in one of the nation's fastest growing segments of the Pharmacy Benefit Management industry. A growing portion of the country's population will receive their prescription drug coverage under Medicare plans, driven both by age demographics and the anticipated shift of retirees from employer based coverage to Medicare that will likely result from health care reform," said Per Lofberg, President of Caremark Pharmacy Services. "The Medicare Part D program is integral to CVS Caremark's long-term growth strategy. We believe that bringing together these two businesses will strengthen our competitive offerings, enabling us to provide Medicare beneficiaries with expanded products and services and lower the cost of pharmacy care."

CVS Caremark said the transaction will be accretive to earnings per share in its first full year. The company continues to be hig
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[1] http://studio-5.financialcontent.com/prnews?Page=Quote&Ticker=CVS
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