Massachusetts lost 26.4% of drugstores in 15 years

Study concludes minority areas were hit hardest

By Alex Pham
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One out of four pharmacies in the Bay State went out of business between 1980 and 1995 and was not replaced, according to a study released yesterday by Boston University researcher Alan Sager.

The number of drugstores in Massachusetts dropped 26.4 percent to 1,011 in 1995, according to the study.

A disproportionate number of closures happened in areas with high black or Hispanic populations: In areas where minorities form greater than 80 percent of the population, nine out of 10 pharmacies closed. Many of them were not replaced.

"The more pharmacies close, the less competition there is, and that can lead to higher prices," Sager said. "It could also lead to greater difficulties in obtaining needed medications."

Sager's study found no evidence that the reduction in drugstores has endangered patients' health.

Much of the attrition comes from independently owned stores crushed by large chains that corner exclusive contracts with powerful health maintenance organizations, according to Sager. The rising use of mail-order prescription drugs is also eating into pharmacy business, Sager noted.

A state law passed in 1994 requires HMOs to do business with any pharmacy that is willing to fill prescriptions. Large HMOs have argued that federal laws, which do not contain such requirements, preempt state law.

The dispute is being played out in a lawsuit filed last year by Osco Drug Stores against Harvard Pilgrim Health Care, which sends most of its patients to CVS drugstores. The suit, filed in US District Court in Boston, is awaiting a judge's ruling.

The Boston University study comes a day before State House hearings on a bill that would force Harvard Pilgrim Health Care to do business with New England Medical Center, the only Boston teaching hospital that does not have a contract with the HMO.

Filed by state Senator Stephen Lynch, a Democrat from South Boston, the bill is being hotly contested by Harvard Pilgrim executives as "bad public policy." Lynch has argued that NEMC, a low-cost, high-quality teaching hospital affiliated with Tufts University School of Medicine, deserves a chance to compete for Harvard's business.

Meanwhile, NEMC yesterday said it has filed with the US Department of Justice and the US Federal Trade Commission for approval to merge with Lifespan Inc. of Providence. The routine filing takes NEMC one step closer to completing its merger, announced in January. The hospital, in a statement, said "other documentation to formalize the merger is well advanced."