



Recently, you may have heard about the Medco proposed settlement of five class action lawsuits filed against them by health plan clients. Below is a brief summary of the lawsuits and Medco's proposed settlement.

- Medco, a pharmacy benefits manager, has had five class action lawsuits brought against them alleging that they violated their fiduciary duty under ERISA.
- As a fiduciary, Medco is supposed to act for the benefit of beneficiaries of the plans. The class action suits allege that Medco breached this duty by favoring the Rx products of their parent company, Merck, as well as other manufacturers that paid Medco rebates. This was allegedly done at the expense of the plans. The plaintiffs also argue that Medco persuaded pharmacists and physicians to switch prescribed drugs to Merck products also causing extra expense to the plans.
- Medco admits no wrongdoing, but has agreed to a \$42.5 million settlement.
- Any group that had a pharmacy plan administered by Medco (PAID, Systemed, etc.) since 12/17/94 falls within the "class" definition and is eligible for a part of the settlement.
- The settlement amount will be determined by the number of participants in the settlement and the amount of money spent on drugs within each group.
- In order to participate in the settlement, groups need to file a *Settlement Identification Form* postmarked by February 9, 2004. You may have already received one by mail
- Here is a link to the mailing that some clients may have already received regarding the settlement. It also contains the Settlement Identification Form that needs to be completed by the group.
<http://www.erisasettlement.com/NoticePacket.pdf>

As always, please contact your Benefits Consultant or Benefit Service Specialist with any questions.

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