

FORTUNE

CVS Just Made Valeant's Day Even Worse



Photograph by Victor J. Blue — Bloomberg via Getty Images

No love lost between the two companies.

By **Phil Wahba** February 22, 2016

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Valeant shares, down 10% on Monday after a Wells Fargo research note said its board and management "have made decisions that may have [put Valeant at significant business](#) and reputational risk," took another hit when *Bloomberg News* reported CVS's decision.

CVS, which operates pharmacy benefits manager Caremark, the second largest PBM after Express Scripts ([ESRX, -1.29%](#)), is launching a new program in April that will among other things limit the use of Jublia, CVS Chief Medical Officer Troyen Brennan told *Bloomberg*. The news agency reported Jublia goes for \$1,000 for an 8-ml bottle. Caremark members will have to try to treat their condition with [ACRUX DDS PTY LTD. et al.](#)

EXHIBIT 1632

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expensive toenail fungus drugs, according to *Bloomberg*. The program will be optional for health insurance and employer clients. A CVS spokesman confirmed Brennan's comments.

Brennan told *Bloomberg* it was part of CVS' broader efforts to reduce the use of costly dermatology drugs.

There is no love lost between CVS and Valeant. CVS, which also operates a massive drugstore chain, in December slammed Valeant for striking a [drug pricing and distribution deal](#) with arch-rival Walgreens. ([WBA, +2.76%](#)) The pact calls for Walgreens, the largest U.S. drugstore chain, to sell Valeant's signature skin and eye drugs at a 10% discount under a 20-year agreement. Under the deal, Walgreens won't take ownership of the Valeant drugs but instead hold them on consignment until delivery, a move that could marginalize pharmacy benefits managers such as CVS' Caremark unit.

Two months ago, CVS Health Larry Merlo said 90% of Valeant's programs are either excluded from Caremark's formulary or have non-preferred status. In October, CVS dropped one of Valeant's former partners from Caremark's network. CVS said at the time that it was terminating Philidor, a specialty pharmacy facing scrutiny after an internal audit found evidence of "noncompliance with the terms of its provider agreement."

[Valeant was pummeled late last year](#) when questions about its business and accounting practices spooked investors, with the stock ending 2015 down about 70% from a high hit in August.