

June 19, 2002

The Honorable William M. Thomas
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6348

Dear Mr. Chairman:

As the provider of managed pharmaceutical benefits to more than 65 million Americans, including more than eight million seniors, Merck-Medco knows the importance of pharmaceutical care to the health and welfare of our nation's seniors and persons with disabilities.

Merck-Medco currently provides a range of innovative prescription drug management services to public and private clients under a variety of commercial arrangements. Some of these arrangements involve Merck-Medco's acceptance of some insurance risk.

Based on our experience and review of the Medicare Modernization and Prescription Drug Act of 2002, Merck-Medco believes, as it did two years ago in reviewing H.R. 4680, that the prescription drug-only plans contemplated by the legislation are commercially viable and that the legislation would lead to the creation of a highly competitive market for such plans.

While the insurance product specified in this legislation would be new and innovative, we believe that you have successfully addressed the issues, such as adverse selection, that might otherwise discourage entry into this new market. In fact, by increasing the level of subsidy and making the benefit more attractive to more Medicare beneficiaries, the legislation better addresses these issues than did H.R. 4680.

As you may know, on April 17, Merck & Co. announced the filing of an S-1 document with the Securities and Exchange Commission (SEC) related to a proposal to establish Merck-Medco as a separate, publicly traded company. Because of this, we are required by the Securities Act of 1933 to avoid any public statements concerning the impact of the separation or Merck-Medco's prospects for the future. Therefore, I regret that I cannot comment specifically on how Merck-Medco will act in response to the passage of this legislation.

We look forward to working with you and your colleagues to enact bipartisan legislation this year.

Sincerely,



Richard Clark
President