



CVS: Takes a Licking and Keeps on Overcharging

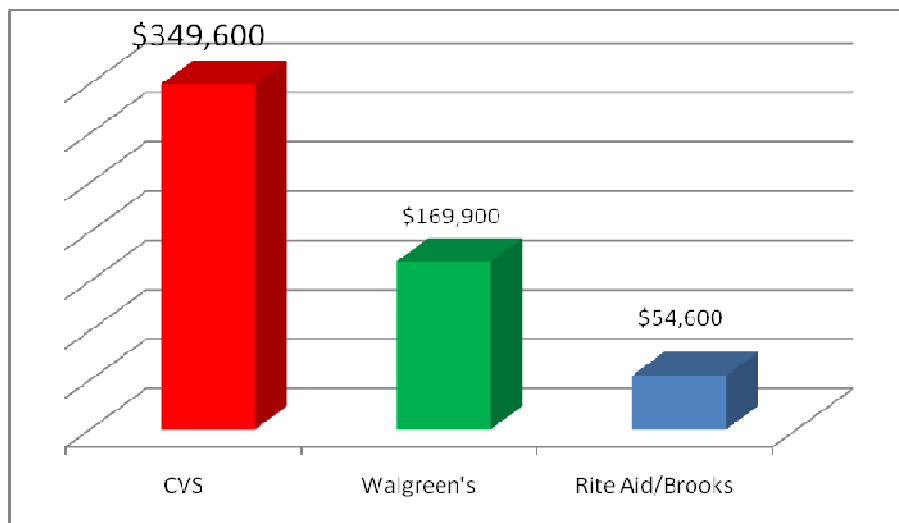
Analysis of new state data shows that CVS is still the most penalized retailer in the Commonwealth when it comes to violating state pricing law – and gets caught for illegal overcharges more than its main national competitors, Walgreens and Rite Aid.

Inspectors with the Massachusetts Office of Consumer Affairs and Business Regulation cited CVS for illegal overcharges almost five times more often than the average food retailer last year, according to 2008 data. The inspectors found hundreds of overcharges – defined as charging more at the register than the price in an advertisement, on a shelf sign or on the item itself.¹ And the state imposed over \$150,000 in fines on CVS last year for overcharges and other pricing violations.

These numbers suggest the drugstore chain has failed to fix problems with overcharging that the Boston *Globe* flagged last August based on earlier Consumer Affairs numbers.²

A CVS spokesperson suggested then that the state finds so many overcharges at CVS because the drugstore giant has so many stores in the state – currently 329.³ However, analysis shows that the state found more overcharges *per inspection* of CVS stores than at other retailers.

Fines for overcharging & other pricing accuracy violations, 2007-2008⁴



Source: Massachusetts Office of Consumer Affairs and Business Regulation data/Cure CVS analysis

Highlights of the analysis:

- **Inspectors cited CVS for 711 overcharges last year.** That is a whopping **67 percent increase** from 2007, when the state caught CVS in 425 overcharges.
- **CVS's violations made up 32 percent of all overcharges caught by the state in 2008.** That's almost one third of all the overcharges inspectors found in Massachusetts. But CVS stores made up only 6.6 percent of all state pricing inspections.
- **Inspectors found an average of 3.4 overcharges each time they inspected a CVS last year.** That is almost *five times the average rate of overcharges at all retailers* in the state. Inspectors found an average of 0.7 overcharges per inspection when looking at all retailers. CVS's rate is 4.8 times that.
- **Inspectors found over four and a half times as many overcharges per inspection at CVS as at Walgreens.** And CVS racked up one and a half times the overcharge rate as Rite Aid.
- **The number of overcharges per inspection at CVS doubled last year,** from 1.6 per inspection in 2007 to 3.4 per inspection last year.
- CVS paid \$162,600 in fines for overcharges and other violations of state pricing accuracy rules in 2008. That means **CVS paid nearly 20 percent of all the pricing accuracy fines the state imposed in 2008.** Again, CVS's share of fines is disproportionately high, compared to its share of inspections – 6.6 percent.

Overcharges per inspection, 2008	
CVS	3.4
Walgreens	0.7
Rite Aid/Brooks	2.1

Source: Massachusetts Office of Consumer Affairs and Business Regulation data/Cure CVS analysis

Overcharging is still a problem at CVS this year: To see whether consumers are still facing overcharging at CVS, surveyors visited 22 CVS stores in and around Boston during the week from April 23-April 29 and made purchases. They were overcharged at 20 of the stores. Surveyors purchased 92 items where the scanner rang up more than the sticker price or the price on the shelf, matching the state definition of overcharging. CVS took in a total of \$51.19 in



overcharges during the survey. That is an average overcharge of 56 cents for each overcharged item.

The stores with overcharges included eight inside the City of Boston and 12 outside the city from Chelsea to Hyannis. CVS overcharged for food, including oatmeal, granola bars and infant formula; household items from roach baits to light bulbs; and health and beauty items from mouthwash to makeup.

CVS stores found with overcharges in April 2009:

Boston CVS stores with overcharges
874 Harrison Ave, Boston
55 Summer St, Boston
631 Washington St., Boston
778 Dudley St., Dorchester
468 Blue Hill Ave., Dorchester
210 Border St. , East Boston
467 Centre St., Jamaica Plain
704 Centre St., Jamaica Plain

CVS stores with overcharges outside Boston
319 Broadway, Arlington
23 Massachusetts Ave., Arlington
324 Broadway St., Chelsea
689 Depot St, Easton
550 Pleasant St., Fall River
1620 President Ave., Fall River
176 North St., Hyannis
36 Pleasant St, Malden
517 State Rd, Manomet
516 Main St, Melrose
1145 Kempton St., New Bedford
65 Route 6A, Sandwich

Source: Cure CVS surveys of Boston-area CVS stores, April 2009



The biggest overcharges included a \$5.99 overcharge for Bikini Zone after-shave lotion at a CVS in Easton, \$3.50 over the sticker price for an extension cord at a CVS in Sandwich and a \$1 overcharge for shampoo at a Dorchester CVS.

With over 4 million customers shopping at CVS daily across the country,⁵ any overcharges add up quickly. And the recession means many consumers cannot afford to drop anything extra into CVS's cash register.

¹ MGL Chap. 94, Sec. 184 b-e

² Mitch Lipka, "The price is right – mostly: CVS Caremark cited nearly 2,800 times since '07 for violations," Boston Globe, August 16, 2008.

³ CVS Caremark, "Massachusetts," <http://www.cvscaremark.com/newsroom/facts-by-state/massachusetts>. Last viewed May 2, 2009.

⁴ Rite Aid bought the Brooks/Eckerd chain of drugstores in June 2007 – see Rite Aid, "Rite Aid Completes Acquisition of 1,854 Brooks and Eckerd Stores," http://www.riteaid.com/company/news/news_details.jsf?itemNumber=928. So fines on the Rite Aid and Brooks chains are combined for 2007.

⁵ CVS Caremark, "CVS Caremark Facts," <http://www.cvscaremark.com/our-company/cvs-caremark-facts>, last viewed May 2, 2009.

