

Ohio Finance Subcommittee on Health and Medicaid

HB 166 Testimony

May 9, 2019

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Chairman Hackett and members of the subcommittee, thank you for allowing me to provide testimony on HB 166. My name is Jeff Neidig. I am a pharmacist of 33 years and the owner of an independent pharmacy in Newcomerstown, Ohio; the home of Cy Young, Woody Hayes, and a slew of Medicaid patients that are impacted by the decisions in this proposed budget. While I am supportive of some of the strides being made in the current version of the budget to revamp pharmacy benefits in Ohio, I am here to present my story as it relates to the need for Medicaid pharmacy payment reform.

My pharmacy serves over 5,000 patients throughout the year in and around rural Tuscarawas County. To better serve the unique needs of the patients in our community, we work to go well beyond the service offerings of a typical pharmacy. After a few decades as a pharmacist, you learn that complicated disease states require complicated care, and we do everything we can to give patients the exact kind of care their circumstances require. We offer enhanced clinical services including compliance packaging, medication synchronization, drug administration, medication therapy management, and free delivery. Our delivery team delivers 20% of our annual prescriptions to over 500 homes in Tuscarawas and surrounding counties; many of which have lost their community's pharmacy due to the impact of depleting reimbursements from Ohio's Medicaid program.

Over the past 3 to 5 years, I have seen a substantial decrease in reimbursements by the Medicaid managed care PBMs, which represents well over a third of my business. As my average margin per prescription dropped from \$15 per prescription to just over \$3 per prescription during that time period, I am here to tell you that the reimbursements at these current levels will continue to drive pharmacies like mine out of business.

In addition to the decline in reimbursements, we see the trend increasing for the number of prescriptions that are reimbursed below the lowest price that I can obtain the drug at. We suffered a business loss of over \$150,000 in 2018 due to the current Medicaid managed care and Medicare reimbursement system. With this level of financial accounting, banks are not extending credit, which also limits our ability to invest in our business and community. At the end of 2018 and into the first quarter of 2019, I have laid off five employees and reduced the hours of five others. The impact on the local economy including supporting community programs, schools, etc. has been substantial, but more importantly, the current system is compromising my ability to offer my patients the level of service that they require.

Over this time period, I am also disheartened to learn that as a taxpayer, while reimbursements from Medicaid managed care have drastically declined, the state has been paying more than they ever have on Medicaid managed care prescriptions. And even today, with a solid year of the state saying that they are working to fix the problem, outside of one managed care plan, I have seen no meaningful changes at the pharmacy counter. These reforms cannot wait any longer.

Let me be clear, I gave up on the idea that Medicaid could be profitable a long time ago. Right now, what I need is for Medicaid to stop crushing my practice. We want fair, predictable reimbursements to

cover the costs to provide the medication and the service, to invest in our businesses, and support our local communities.

Many industry experts have stated that increased pharmacy involvement in clinical services such as disease management is crucial to reduce health care costs, but today's payment model doesn't account for those services. In 2016, I provided testimony on legislation to allow pharmacists to administer long-acting medications for mental health and addiction patients. After passage of the law and creation of the rules, I was one of the first Ohio pharmacists trained to provide this service in Ohio. Additional expansion of clinical services in my practice and others across the state to assist the health of our patients will not be possible without payment reform that allows for predictable and sustainable reimbursements to pharmacies like mine.

I hope that by my sharing the truth, the trends, and the impact on my pharmacy business and others across the state, that you will consider the importance of creating a highly predictable, fair, and sustainable payment system for pharmacies in Ohio.

Thank you for the opportunity to present this testimony to you today.