

Proponent Testimony for HB 166

**Larry Schieber, RPh
Circleville, Ohio**

Chairman Hackett, Vice Chair Huffman, Ranking Member Thomas, and members of the subcommittee, thank you for the opportunity to speak before the committee today. My name is Larry Schieber, and I own and operate Schieber Family Pharmacy in Circleville, Ohio. I am here to testify on HB 166 and the need to address the ongoing pharmacy benefits crisis within our state Medicaid managed care program.

My wife and I were both born in Circleville and with the exception of college years at Ohio State, we have both lived our entire lives there. My father owned and operated a pharmacy in downtown Circleville in the 1960s, and I guess you could say that I grew up in that pharmacy. One of the things I remember my father impressing upon me was to be active and a vital part of the community in which you live. Small town Ohio is indeed a wonderful place to grow up and to raise a family.

My wife (who is a registered nurse) and I opened our pharmacy in Circleville in 1989. I had worked in a couple of other jobs prior to that, but in my heart, I always knew that I wanted to own a pharmacy, and Circleville was the perfect place. Through lots of hard work and long hours, we managed to grow a successful business. Thirty years later, it has become increasingly difficult to carry on the tradition.

We live in a high-Medicaid area that has been particularly hard hit by the opioid crisis. As a true community-based pharmacy practice, we have tried to devote our time and efforts serving our neighbors and working to improve the health of the patients we serve.

I currently serve as the president of PAAC (Pickaway Addiction Action Coalition) which is dedicated to reducing the terrible opioid epidemic that has gripped our county. I have also been heavily involved in the GenerationRx initiative, which also aims to combat prescription drug abuse.

Outside of the traditional pharmacy dispensing model, we have partnered with Berger Hospital to work with patients after they're discharged with serious conditions to make sure they are optimizing their drug therapy regimens and to make sure so those patients are not unnecessarily re-admitted to the hospital.

Why am I telling you this? Because our story is very typical of pharmacies and pharmacists all across Ohio.

Every two years, we are required by Ohio law to fill out a cost of dispensing survey for the Department of Medicaid, which measures the average cost to dispense a prescription, taking into account of overhead, rent, salaries, benefits, taxes, and other various costs. The average cost to dispense a prescription across Ohio is around \$9-10.

When the state began moving pharmacy benefits to managed care, the margins in our pharmacy all of a sudden started becoming less predictable and further away from the cost of dispense as time progressed. Then in 2016, with the number of patients in Medicaid managed care hitting at some of the highest levels we've seen, our reimbursements were absolutely decimated. And as has been well-chronicled by the Columbus Dispatch, since that time, the Medicaid managed care program has absolutely pummeled our practice. While we have been told for years that eventually these problems will be addressed, I am here to tell you that pharmacies like mine can't purchase drugs tomorrow and pay our employees next week with "eventual" reform.

As I mentioned previously, our pharmacy is situated in a high-Medicaid area that has serves many patients struggling with substance abuse disorders. About 18 months ago, what we were paid for a medication used to treat opioid addiction was slashed to the point that we had to consider no longer stocking the drug. This goes against everything I believe in as a pharmacist, but this is the predicament that the current system has created. The practitioner in me tells me to take care of every patient as best as I can. The business owner in me that has to balance the books tells me avoid the losses anyway I can.

The reality of the situation at this point is that over the last three years, our margins through Medicaid managed care have been slashed by around 70%. Due to the erratic nature of pharmacy reimbursements, there is no way that I can predict with any certainty the sustainability of our business, and it is the state Medicaid managed care program that has become our biggest problem.

As I said before, my story is typical of what all pharmacies – big and small – are experiencing across our state, which is why Ohio has lost hundreds of pharmacies over the last few years.

Pharmacy has changed tremendously in the time I have been a pharmacist. Pharmacists now offer immunizations, long-acting injectables, medication therapy management, point of care testing, medication synchronization, and a host of other services that keeps our patients healthy.

Unfortunately, despite the growth in the services we can provide, today, our primary source of revenue is through dispensing medications. And in the Medicaid managed care program, the rates the state pays for drugs has never been higher, and somehow the reimbursements to the providers has never been lower.

I want to continue offering a high level of service to patients in my community. I want to comply with the growing number of state regulations on our pharmacy practice. I want to help evolve the pharmacy profession. I want to help be part of the solution for our state's biggest health care challenges. I want to be able to pay my employees what they deserve and to keep our doors open for years to come.

If something does not change soon, I won't be able to do any of these things.

In the midst of the state's work to pursue much-needed Medicaid and PBM reform, I ask you to carefully consider incorporating language to ensure the sustainability of pharmacy practices in our state.

Thank you for your time and consideration.