**HB 166 Testimony**
Ohio Senate Finance Committee

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Chairman Dolan, Vice Chair Burke, Ranking Member Sykes, and members of the Ohio Senate Finance Committee, my name is Denise Conway. I am the proud owner of an independent pharmacy along with my husband in the fantastic community of Mount Vernon. I am here today to provide testimony on HB 166 in regards to the need for pharmacy benefits reform in the Ohio Medicaid managed care program.

Today, the big focus in healthcare is to drive down expenditures and improve outcomes for patients. Unfortunately, the system has managed to do the opposite, and instead, our state has allowed administrative middlemen to run wild and overcharge our agencies while delivering minimal value and pocketing hundreds of millions of dollars.

Pharmacy benefit managers (PBMs), the little-known claims processors that sucked $244 million out of Ohio’s Medicaid managed care program, are now household names thanks to the work of Attorney General Dave Yost and the tenacious reporters at the Columbus Dispatch. At long last, their secretive drug pricing gimmicks have been exposed, and the state is finally talking about reining in their shady dealings.

But while PBMs certainly deserve the scrutiny and criticism that they are currently receiving, I believe what has been lost in the deserved pile-on is the fact that they were merely exploiting a system, that due to the lack of controls, oversight, and accountability, left them the real estate necessary to do as they pleased on the backs of pharmacies and taxpayers. The state provided them all the leash they could get, and they maximized their returns to the fullest extent. And now as state Medicaid programs and employers across the country, armed with new information about how PBMs make hidden money, begin to get their drug spending problems under control, the independent pharmacists across the state who went to great lengths and risk to blow the whistle on this spread pricing charade are hanging on by a thread.

That is why today I come before today. As an independent pharmacy owner in rural Knox County, I am here to tell you about the experience my business and staff has everyday in the face of the continuing decline of prescription reimbursement – the funds we need to purchase medications and to continue offering outstanding pharmacy care for our patients.

Currently, our dispensing fees and reimbursements for Medicaid prescription claims is at such an unsustainable baseline that it does allow our pharmacy staff to offer and complete the clinical pharmacy services that we want to offer to this Medicaid population. At the current means and reimbursement rates, we are being pushed to fill more and more prescriptions each day at faster paces in order to balance budget sheets and keep the pharmacy open for our community and staff.

The current financial modelling and incentives run counter to all the things we should be doing: offering innovative services, spending extra time with doctors and patients, investing in our practices, paying greater attention to detail, offering specialized packaging, home visits and follow-ups, over-scrutinizing dangerous prescription drugs, counseling patients on every new prescription. These are the important things that PBMs have compromised, and today, by failing to act, our state has only perpetuated that problem.

The Medicaid patient population presents unique and time-consuming challenges in the multi-disease states that these patients typically present to the pharmacy with. These are the exact cases where pharmacists are positioned to shine. We are educated and trained to care and manage these patients in order to get them to understand the severity and complexity of their diseases and the seriousness of their medications. We want to provide more services to gain better outcomes for this patient population, but the financial backbone of our practices have been compromised by a lack of objectivity and sustainability in our Medicaid managed care program.

Senators, I don’t know how many more times pharmacists need to say it. We want to do more for our patients. But when we are only reimbursed 20-30% of our actual costs to provide care to patients, we are being set up to fail.

And when Medicaid reimbursements drive a pharmacy out of business, the problem doesn’t end there. Those patients then move to the next pharmacy, where the low payment rates then suffocate another practice. And the cycle continues.

Last year, I joined previous Governor John Kasich for a press conference where I highlighted how my pharmacy utilizes Ohio’s Automated Rx Reporting System (OARRS) to sniff out inappropriate or dangerous controlled substance prescriptions. I believe OARRS is one of the best tools for curbing prescription drug misuse and abuse in the country. If I could, I’d spend five minutes reviewing every detail in a patient’s OARRS profile. But when you’re paid $2 for a service that costs you $10, it’s the state’s way of telling me that that investment of time and energy isn’t worth it to them. While I do not operate this way, from a business perspective, the smart financial decision in a system riddled with underpayments is to turn that five-minute OARRS check into a five-second OARRS check. It should come as no surprise to any of you that just like in any industry, you get what you pay for.

If you do not address and fix these problems, the current Medicaid pharmacy system will compromise access more and more; it will stifle innovation more and more; it will incentivize faster speeds more and more; and it will jeopardize quality and safety more and more.

While PBM reform is still necessary, it is important to note that this is no longer a PBM issue. This is a system issue.

To take back control and fix this system, you need to get a better approximation of actual drug costs. Then you need to actually cover the costs of those drugs and the services necessary to ensure the patient takes those drugs safely and appropriately. And then you need to begin changing the incentives at the pharmacy so that we de-emphasize speed and begin to emphasize actual care. I believe the proposal from Senator Burke will accomplish this.

Please address this issue now, before pharmacies like mine disappear, and before the standard of care in pharmacy is further eroded.

Thank you for your time and consideration.