

**Senate Finance Committee
Testimony on House Bill 110
Stephen Mabe, PharmD
May 13, 2021**

Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes and member of the Senate Finance Committee, my name is Stephen Mabe. I am a community pharmacist and manager of my family independent pharmacy, who has been serving the residents of Pickaway County, Ohio for over 40 years. We have a location in Ashville, Ohio and Circleville, Ohio, which are designated as healthcare deserts and provide vital medications and care to a disproportionate number of rural citizens who utilize Medicaid Managed Care services. Today I would like to use this time to discuss the supplemental dispensing fee that was included in the biennial budget in 2019 and explain how we appropriately used this money that you have allocated and why it is so important that keep it intact in the coming years until we can transition to a more equitable and fair reimbursement model for the Ohio Medicaid Managed Care program.

1. These funds first and foremost, were crucial in stabilizing an extremely volatile period where we were fearful of cash flow due to the increased amount of Medicaid managed care pharmacy benefit manager (PBM) cuts that were essentially unexplained and drastic. Due to our pharmacies servicing such a high number of claims for Medicaid patients, I worried many months during this time if this was perhaps the end of the line for our family pharmacy. Immediately, staffing of pharmacy technicians was reduced, and I began working evening hours by myself. Plans were drafted to cut hours, or perhaps permanently eliminate a full-time pharmacist staff position. Of course, as has been well documented by now, thanks to some great investigative reporting from the Columbus Dispatch, tireless work of the legislature, and a blockbuster report from then auditor Dave Yost, we learned that while PBMs were crushing critical access pharmacies like ours on low Medicaid reimbursements, they were turning around and billing the state nearly a quarter of a billion dollars more on those same claims. Thanks to the state's national leadership on middleman accountability, relentless pressure on the associated PBMs, and the promise of increased funding coming from the state, we were able to hold off our cutback plans and restore staffing to reasonable levels, where we can continue to keep the doors open and provide the high level of service that our underserved community requires. I would add that I'm not alone. As a brief aside, I am well aware that many of the members of this committee had a leading role in reining in these problems that have plagued our profession for years, I just want to say that I – and all of my pharmacist colleagues – are forever grateful to you for finally telling the PBMs: "Not in our state."

2. In March of 2020, the COVID-19 pandemic hit, and we had to make drastic operational changes to help our managed Medicaid population. To minimize this impact and minimize unnecessary transmission risks within our walls, we began offering free daily delivery to all patients for the entire part of Pickaway County. This allowed our at-risk Medicaid population to stay home during an extremely dangerous time and get the healthcare they needed. As you may imagine, delivery is extremely expensive, and to this day we still have a large amount of Medicaid managed care claims that are paid under the acquisition cost of the drug itself and are being delivered to these managed care patients at no additional cost. Those Medicaid patients also tend to use delivery more often than those of other economic situations, and we used the legislature's targeted dollars to help offset these delivery expenses.

3. Finally, as the shock of COVID-19-induced business changes subsided and we have moved into the vaccination rollout period, I was able to actually extend a part-time pharmacist salary to a full-time position in the beginning of the year, allowing myself to develop a COVID-19 vaccination program and focus exclusively on vaccinating the public in January 2021 until now. This was crucial, as the Apothecary was essentially one of the few vaccinating partners outside of the Pickaway Health Department vaccinating the public. To date, we have given over 6,000 individual vaccinations in a public healthcare desert. We also vaccinate a large number of individuals from Columbus who were not able to obtain services in Franklin County, and I do not know if I would have been able to handle the necessary resourcing and this workflow if I didn't have the funds allocated to extend our service and staffing bandwidth.

To summarize, as many are aware, our business structure that has more than 90% of our prescriptions reimbursed through insurers means we have no ability to control our prices or profit margins. We are at the whim of increasingly nebulous contracts that average our reimbursement over a fiscal year period (meaning reimbursement can be dropped at the whim of a PBM without notice), no real concise pricing metrics that allow us to accurately plan for the future, and at this moment, the fear of inflation and protracted macro-economic environment considerations, which mean we will need figure out in the future how to keep our business operating at a profitable level. The supplemental dispensing fee allows us to help mitigate these concerns and buoy what would otherwise be a largely unsustainable service offering to our community's poor and underserved. As a profession that in the past has felt overlooked and unheard, these funds represented viability, but perhaps more importantly, they represented an offering of trust amidst an incredibly untrustworthy system. And while they kept our pharmacy humming, they helped countless others as well. A few years ago, Ohio was losing hundreds of pharmacies across the state, and since the implementation of the supplemental dispensing fees, the erosion has largely ceased. The policy worked, and this Senate body is to be commended for pushing for it in the first place. I ask that you keep this successful policy in

place, as a means to protect access in our most crucial parts of the state and to bridge our otherwise fragile marketplace to the new, innovative model currently being implemented by the state Department of Medicaid.

Thank you for the opportunity to offer testimony today. I would be happy to answer any questions.