

My name is Todd Tackage. I have been a pharmacist for over 27 years. I have owned and operated IHS Pharmacy in Jamestown, Ohio since 2010. We serve 8,000 patients in our rural area. We offer free delivery. If I were to close my store, the majority of my patients would be at least 20 miles away from the closest pharmacy.

I am here today because we have reached a critical point for community pharmacy. PBM reimbursement rates have reached an all-time low. Couple this with an increase in the price of supplies and wages. It spells disaster for small town pharmacy and their patients. I have done everything possible to survive in a market where my direct competitor's companies decide my pay. I have been forced to run my business at the bare minimum. Cutting employee hours and other expenses has a direct effect on patient care and safety.

Pharmacies are being pushed to the brink of extinction because of the under reimbursement from the PBMs. As an example. Last week I filled a generic prescription that the drug had a cost of 11 cents. I was reimbursed 19 cents. A whopping profit of 8 cents. However, the vial, lid & label cost me 23 cents. Add the cost of labor, rent, insurance and supplies. I lost around 8 dollars filling a prescription that cost 11 cents. It gets much worse from there. On many of the more expensive brand name drugs we are being reimbursed 20 to 50 dollars below the cost of the drug.

So you ask, Todd why do you accept these terrible contracts? Fact is we have to. These are take it or leave it contracts from the PBMs. The big three PBMs insure most of our patients. Without these horrible contracts we would be left with no patients.

HB 505 would rectify the situation by holding the PBMs to a set a fair reimbursement rate. It sets a standard rate for all prescriptions no matter if they are 10 cent or \$5000 prescriptions. The pharmacy would be compensated for their work and made whole.

The State of Ohio has been on the forefront of reigning in the PBMs in our Medicaid system. Dave Yost and his team exposed the PBMs and has saved our state hundreds of millions of dollars. HB 505 follows the same premise as our new Ohio Medicaid system. If the State of Ohio thinks this is a fair payment model, why would we not hold any insurance company to the same standards that wants to do business in Ohio.

This is the only chance small community pharmacy has of survival. Please hold the PBMs accountable to do the right thing. This will allow community pharmacy to continue to serve our small town residents.

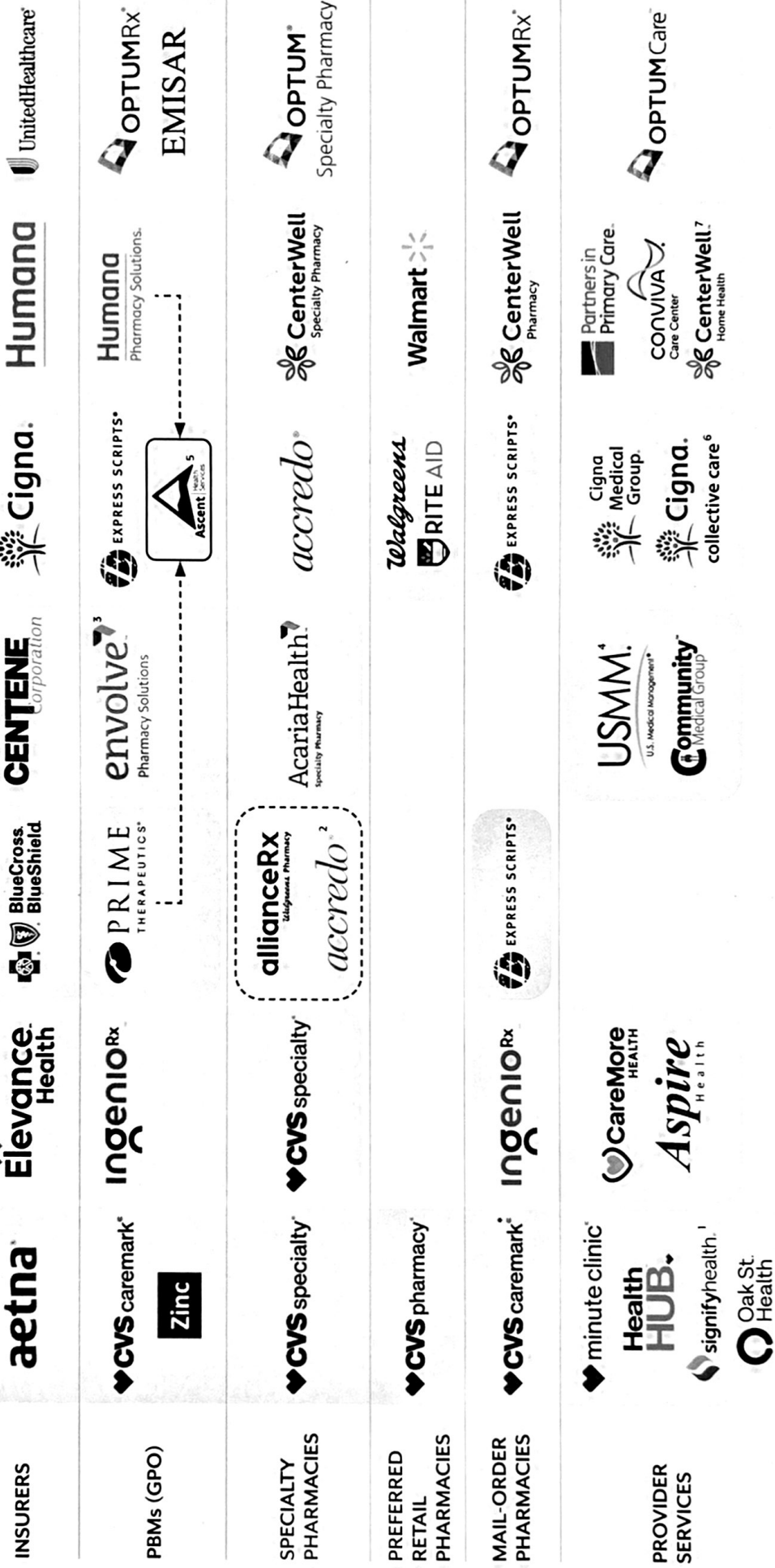
Thank you,

Todd Tackage

IHS Pharmacy-Jamestown

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Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, Retail Pharmacies, Mail-Order Pharmacies and Providers, 2022



¹ In September 2022, CVS Health announced its acquisition of Signify Health. The transaction is expected to close in 2023.

² Since January 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AllianceRx Walgreens Prime for mail and specialty pharmacy services. On Dec. 31, 2021, Walgreens purchased Prime Therapeutics' 45% interest in AllianceRx Walgreens Prime, so this business has no PBM ownership in 2022. Effective June 2022, the company has been known as AllianceRx Walgreens Pharmacy.

³ In 2021, Centene has announced its intention to consolidate all PBM operations onto a single platform and outsource its PBM operations to an external company.

⁴ In 2021, Centene sold a majority stake in its U.S. Medical Management to a group of private equity firms.

⁵ Since 2020, Prime has sourced formulary rebates via Ascent Health Services. In 2021, Humana began sourcing formulary rebates via Ascent Health Services for its commercial plans.

⁶ Cigna also partners with providers via its Cigna Collaborative Care program.

⁷ In 2022, Humana announced an agreement to divest its majority interest in Kindred at Home's Hospice and Personal Care Divisions to Clayton, Dubilier & Rice. In 2022, Kindred at Home was rebranded as CenterWell Home Health.

Sources: Drug Channels Institute research and Nephron. Companies are listed alphabetically by insurer name.

• CVS Pharmacy is owned by CVS/Caremark.