OHIO PHARMACISTS ASSOCIATION
2674 Federated Blvd, Columbus OH 43235 • Phone: (614) 389-3236 • Fax: (614) 389-4582

March 11, 2025

Chairman Stewart, Vice-Chair Dovilla, Ranking Member Sweeney and members of the Ohio House Finance Committee,

I am David Burke, the Executive Director of the Ohio Pharmacists Association and I thank you for allowing me to quickly address three related items of concern within Ohio's Biannual Budget Bill (House Bill 96). As you are aware, the retail sector of the pharmacy market has been under attack by the PBMs. This has resulted in pharmacy closures outpacing pharmacy openings since mid-2015. According to data provided by the State Board of Pharmacy, 2023-2024 set a record for pharmacy closures with 330 large chain closures and 39 small chain closures. Independent pharmacy saw nominal growth at 37 stores, likely because of Ohio Medicaid's stabilized pricing methodology. To the average Ohioan, last year there was a loss of hundreds of pharmacy locations in areas of our state already deemed pharmacy deserts or becoming one. To help stabilize or reverse this trend, the House should undertake meaningful PBM regulatory reform within the Department of Insurance. This would be a first step towards transparency in the pharmacy benefit, value for payers, and competitiveness in the marketplace.

Parallel to this, there are also rumors afoot that consideration is being given to allowing the pharmacy benefit to be administered by health plans rather than Ohio Medicaid, as it currently utilizes Gainwell. The fear of this change is simple, should the health plans regain control of the pharmacy benefit and the payment methodology differ from that Medicaid currently uses, the PBMs will once again extract funds from pharmacies in Ohio and force additional pharmacy closures. Should the General Assembly undertake this task, it must be paired with placing the pharmacy reimbursement in statute using NADAC plus Ohio's cost to dispense survey. This would be budget neutral as both the dispensing fee and drug expense are currently in the Medicaid baseline using state survey methodology. Without this rate in law, we will return to a time when Medicaid Managed Care Plan PBMs were paying for medicines at a rate less than a pharmacy paid for the drug while giving little to no dispensing fee and thus causing store closures across Ohio.

Finally, the current budget language removes contracted retail pharmacies from the 340B program. Not only will this limit patient access within this Federal program, but it will also accelerate retail pharmacy closures for all Ohioans. The call to action is a supposed loss of rebate dollars to Ohio Medicaid which is ironically in a battle with another Federal program called 340B. The outcome, as proposed, will end revenue to 340B contracted pharmacies and a decreased volume of prescriptions within those markets. This will be due to Federal

Qualified Health Centers (FQHCs), another government program, now being incentivized to open in-house pharmacies to fill those same prescriptions under the 340B payment model that the private market used to fill under the very same 340B payment methodology. The response you will hear to this will be that retail pharmacies will now be paid at the Medicaid rate for those prescriptions so it's no big deal. What you will not hear is that the Medicaid rate is significantly less than the 340B rate and pharmacies will experience a significant decrease in revenue from the prosed budget as introduced.

The outcome from the proposed 340B change is not just my subjective opinion. OPA polled and received survey data from Ohio pharmacy owners asking them how this proposal would impact their business. We found 59% fill 340B prescriptions and 88% said this change would reduce their revenue versus Medicaid. From this, 67% said this would cause cuts and 33% predicted store closure. Mr. Chairman, like it or not, the 340B program has become a crutch for pharmacies in Ohio, particularly independent stores. This enhanced revenue is often what keeps these stores afloat. It would be a devastating blow to have the death nail for these stores not come from the PBMs, but the State of Ohio itself.

While we appreciate the scheme to pull down rebate dollars in what is a perceived rebate loss to another Federal program, I only point that Medicaid alone is growing by over $10 billion dollars from FY 2024 ($33,562,580,489) to the end of the proposed budget FY 2027 ($43,951,923,676) according to the February 2025 OBM Medicaid Caseload & Expenditure Forecast Report. That report also projects a decrease of 171,194 covered lives within Medicaid during that exact same time. The revenue driver is a tax increase of 52.7% in the first year and 15.1% the second year on the hospital franchise fee placed upon health care within Ohio, according to the Redbook February 2025. Simply put in the proposed budget, Medicaid is growing 9.6% in the first year and 6.2% in the second according to the LBO Budget in Brief.

While I am sure you are familiar with the budget and these figures, it does beg the question of why the state would pursue a policy of making the operation of an independent retail pharmacy in Ohio even more difficult while possibly increasing pharmacy deserts simply because Medicaid feels a Federal 340B program is possibly costing them rebates. We ask the Ohio House to remove the 340B language from the budget to preserve the remaining independent pharmacies that serve our areas of most need within Ohio.

Respectfully,

David E. Burke, R.Ph, MBA
Executive Director
Ohio Pharmacists Association