



**Ohio Senate
Government Oversight and Reform Committee
May 14, 2025
Opponent Testimony on HB 96**

Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein, and members of the Committee:

Thank you for the opportunity to testify in opposition to House Bill 96. My name is Sean Stephenson, and I serve as the Senior Director of State Affairs for the Pharmaceutical Care Management Association (PCMA), the national trade association representing America's pharmacy benefit managers (PBMs). Our members administer prescription drug plans for more than 289 million Americans, including Ohioans enrolled in commercial health plans, Medicare Part D, and Medicaid managed care.

We share a core mission with this body: to ensure that prescription drugs remain affordable and accessible. Unfortunately, a last-minute provision, accepted without testimony, in House Bill 96 threatens to move Ohio in the opposite direction—raising drug costs, reducing competition, and jeopardizing private-sector innovations that are working to lower drug prices.

1. "Pill Tax" Mandate Will Raise Costs for Every Ohioan with Commercial Insurance

House Bill 96 imposes a new \$6–\$11 dispensing fee on every prescription filled at an Ohio pharmacy in the commercial market—more than a 400% increase over the current average of \$2. This "pill tax," modeled after Medicaid rates, is not only inappropriate for a private market but also unsustainable.

Estimates show this provision alone could increase prescription drug costs in Ohio by **over \$600 million annually**. Employers—particularly small businesses—will face hard choices: reduce employee health benefits, shift more costs to workers, or absorb these cost increases at the expense of job creation and economic growth.

2. Guaranteed Profits for Ohio-based Pharmacies violate Free Market Principles

The bill also mandates a guaranteed profit margin for Ohio-based pharmacies on every prescription they dispense—regardless of market conditions, negotiated terms, or acquisition discounts that may apply.

This provision overrides private contracts and market-driven negotiations, disregards behind-the-invoice discounts, and could result in pharmacies being reimbursed well above their actual costs. That's not just inflationary—it's unprecedented government intervention in private-sector health care.

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org



3. “Decline to Dispense” Provisions Puts Patients at Risk

The bill allows pharmacies to decline dispensing a drug if reimbursement doesn't exceed their stated cost. While we understand pharmacies want fair compensation, this provision could lead to patients being turned away at the counter—delaying critical care and eroding trust in the health care system.

Let's be clear: PBMs don't dictate reimbursements in a vacuum. Most independent pharmacies (nearly 90% in Ohio) voluntarily join Pharmacy Services Administrative Organizations (PSAOs), which negotiate reimbursement contracts on their behalf. These arrangements are designed to be profitable on balance, and they are contracts that pharmacies choose to sign.

These negotiations are usually done in aggregate, meaning multiple drugs at once, with the outcome of creating a net profit for the pharmacy. Without knowing contract details that pharmacists have agreed to and signed, it is possible that they could be losing money on dispensing some of the drugs but making up those losses with higher reimbursements on others, again to provide a net profit. Another detail that is often left out, pharmacists agree to these reimbursement rates in a contract with a PBM. As a result, this legislation is interfering in a private contract between two private entities.

Under the budget bill language, an Ohio pharmacy may decline to dispense a drug if they would be paid less than the actual acquisition cost of acquiring the drug. Denying a patient their medication does not help the patient improve their health.

4. The Independent Pharmacy Market is Not in Crisis—It's Growing

PCMA supports a strong independent pharmacy marketplace so Ohioans can access health services and prescription drugs, that is why we are happy to report the market is growing.

- 37 new independent pharmacies opened in Ohio last year, and none closed, per the Ohio Board of Pharmacy data dashboard.
- According to the National Council for Prescription Drug Programs, the number of independent pharmacies nationwide has grown by 7.5% over the past decade.
- From 2016–2020, the average gross profit margin for independent pharmacies held steady at over 20%.
- Of the 191 pharmacy closures in Ohio last year, all were large-chain locations, not independents.

The bottom line: this bill isn't solving a crisis—it's creating one, by inflating costs and disrupting a market that is currently stable and functioning.



At PCMA, we support fair reimbursement, pharmacy access in rural communities, and a thriving independent pharmacy sector. But House Bill 96 will raise costs for families and employers, interfere with private contracts, and set a precedent of government-mandated profits in a competitive market.

We respectfully urge the committee to strike these provisions and protect Ohioans from higher prescription drug costs. Thank you again for the opportunity to provide testimony on this issue and I am happy to answer any questions.

Sean Stephenson
Senior Director of State Affairs, PCMA
(240) 909-1544
SStephenson@pcmanet.org