



**Ohio Senate
Medicaid Committee
May 15, 2025
Interested Party Testimony on HB 96**

Chair Romanchuk, Vice Chair Huffman, Ranking Member Liston, and members of the Senate Medicaid Committee:

Thank you for the opportunity to testify as an interested party to House Bill 96, specifically as it relates to prescription drug affordability and the administration of pharmacy benefits within Ohio Medicaid. 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 (MMC).

We share a core mission with this body: to ensure that prescription drugs remain affordable and accessible, whether in Medicaid or the private market. As this committee deliberates Medicaid funding and evaluates the impact of the single PBM (SPBM) model, PCMA would like to highlight several key considerations related to the recently released Ohio Department of Medicaid Memo, *SPBM Program Review/Experience Analysis*.

1. The ODM commissioned study indicates no evidence of cost savings, despite the corresponding ODM memo falsely claiming there is an SPBM savings.

- The Milliman study commissioned by Ohio Medicaid finds no evidence of savings from using the SPBM compared to the prior MMC program.
- The Milliman study concludes: “Based on our analysis, **ODM pharmacy expenditures under the SPBM were not materially different than what may have been incurred under the MMC program**, with modeled scenarios falling within a margin of error typical for analyses of this nature.” (Emphasis theirs)
- The hypothetical savings touted by the state are based on a single scenario using unreasonable assumptions. Based on the report, is just as accurate to say that the SPBM cost the state \$99 million.



2. ODM's monthly budget reports show the SPBM has cost the state more money and is nearly \$500,000 over budget.

- In fact, the Ohio Legislative Service Commission's monthly [LBO Budget Footnotes](#), show the SPBM was running over budget in 16 months between program start in October 2022 and March 2025.
- Cumulatively through March 2025, the **SPBM is over budget by almost \$500,000.**

SPBM Reporting	Actual Expenditures	Estimated Expenditures	Variance
	\$12,709,896	\$12,211,620	\$498,276 +

3. Ohio MMC data shows Ohio spent far more money on fewer, cheaper prescriptions under the SPBM program.

- According to Ohio MMC data published by the federal government agency Medicaid and CHIP Payment and Access Commission (MACPAC), Ohio MMC spent far more money on fewer, cheaper prescriptions under the SPBM program.
- Between [2022](#) – under the old MMC program, and [2023](#) – under the new SPBM program, the state of Ohio:
 - Spent almost *\$600 million* more on drugs
 - Took in *\$400 million less* in drug rebates
 - Processed over *1 million fewer* prescriptions
 - Filled a higher share of cheaper generic prescriptions
- ODM needs to explain the **additional \$1 billion in net prescription drug spending** in the first year of the SPBM program.

	Gross Spending	Rebates	Rebate Reduction	Net Spending	Script Count
2022	3.9858B	2.3308B	58%	1.655B	39.674M
2023	4.5827B	1.9288B	42%	2.6539B	38.350M
Difference	+596.9M	-402M	-16	+0.9989	-1.324M



4. Increased dispensing fees resulted in higher prescription drug costs.

- ODM reported an additional cost to taxpayers of nearly \$700 million through mandatory increased pharmacy dispensing fees. This fee added an additional \$9, on average, to each prescription filled.
- We know from West Virginia, who has also implemented a mandatory dispensing fee, that this increases prescription drug costs. West Virginia may have spent an estimated additional [\\$100 million](#) on prescription drug costs in their commercial market in the first year alone.
- These increased dispensing fees hit cheap generic drugs the hardest, massively increasing the amount spent on every prescription.

PCMA supports the committee's ongoing commitment to transparency, accountability, and value in the administration of Medicaid pharmacy benefits. We encourage further evaluation of HB 96's provisions to ensure Ohio's Medicaid program is leveraging PBMs effectively while maintaining strong oversight.

Finally, I wanted to briefly touch on last-minute provisions, accepted without testimony, in House Bill 96 that would raise drug costs, reduce competition, and jeopardize private-sector innovations that are working to lower drug prices. Specifically the following provisions:

- **Mandates a Dispensing Fee or "Pill Tax" that Will Raise Costs for Every Ohioan with Commercial Insurance** - 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.
- **Guarantees a Profit Margin for Ohio-based Pharmacies on Every Prescription They Dispense – regardless of Market Conditions, Negotiated Terms, or Acquisition Discounts that may Apply** - 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.



- **Puts Patients at Risk by allowing Pharmacies to Decline Dispensing a Drug if Reimbursement Does Not Exceed Their Stated Cost** - the bill allows pharmacies to decline dispensing a drug if reimbursement doesn't exceed their stated cost.

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.

Finally, I would like to say we value our partnership with Independent Pharmacies, which is why I am happy to report that there is a growing market with 37 net new pharmacies opening last year alone.

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

