

Sponsor Testimony - HB 465: Provide Medicaid drugs through fee-for-service-system

Representative Kyle Koehler

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Chairman Huffman, Vice Chair Gavarone, Ranking Member Antonio and members of the House Health Committee: thank you for allowing me the opportunity to provide sponsor testimony on House Bill 465.

I'd like to talk to you today about challenges facing two groups who encounter specific barriers to healthcare access – the elderly, and inhabitants of Ohio's rural areas.

As younger generations migrate to city centers, rural communities like those I serve in the 79th district – and those which many of you serve – are left with a high concentration of seniors. More than half of our state's Medicaid dollars are spent on these elderly individuals and on people with disabilities. Much of that money goes to pay for pharmaceutical drugs.

Pharmacies in rural areas may sell a relatively low volume of medications or an inordinate amount of Medicaid patients, so the resulting profit can be very low. As areas become even less densely populated, the economy shrinks, and community pharmacies are often forced to close their doors.

If you have an elderly or aging loved one, you know that these individuals often require multiple medications. Pharmacists play an important role in helping prevent medication errors and in identifying drug interactions. I'd like to tell you about an independent pharmacy in Springfield, Ohio which has been a God-send to my elderly mother in law.

Harding Road pharmacy is a neighborhood pharmacy which my mother in law patronized for over 40 years. As a single elderly woman with dementia, the staff bent over backwards to ensure and all of her medications were in order and that she got the personal attention she needed.

A few years ago, when it became evident that my mother-in-law was forgetting to take some of her medications, they offered to "bubble pack" her prescriptions. This meant that her medications came in labeled packs with the date and time of day she needs to take each one.

Like many Ohioans, my mother-in-law is must take several medications at varying times of day. This aid to her compliance with doctors' orders not only reduced our stress as her caregivers, but also improved her physical well-being. We loved those bubble packs.

Last November, my family was informed by my mother-in-law's health insurance company that Harding Road Pharmacy would no longer be included in its network. After a bit of research, we determined that if we stayed with Harding Road pharmacy and her current plan, we'd be paying exorbitant prices for her prescriptions.

Unfortunately, none of the in-network providers offered the med pack service – even the cooperating pharmacy mail service. To make a long story short, we eventually found a healthcare provider that allowed mom to stay with Harding Road pharmacy, and switched.

Going the extra mile for the customer (and, in this case, providing a medical benefit) is one way that small pharmacies differentiate themselves from their big-box competition. This is basic business sense – I want your business, so I strive to provide you with the best product at the best cost.

Unfortunately, the US pharmacy space is a “rigged system,” as US FDA Commissioner Scott Gottlieb recently stated, and PBMs sit at the top. While small pharmacies like Harding Road can provide a great product, it’s impossible for them to compete with the pharmacy reimbursements and pricing spreads obtained by PBM-supported chains like CVS.

PBMs are not only looking out for larger pharmacies, they also charge – publicly unspecified – administrative fees for their services. As pharmacy’s “middle man,” PBMs absorb drug costs with little benefit to consumers. Additionally, they place “gag orders” on pharmacists, who are subsequently unable to communicate about the rates at which they’re compensated.

I’d like to be able to provide a clear reason that my mother-in-law’s insurer cut our local pharmacy from its network of coverage. However, there is no way for you or me to know the rates at which Harding Road, or any other pharmacy, are compensated for prescriptions.

As I stated before, more than half of our state’s Medicaid dollars are spent on the elderly and people with disabilities. The Ohio Medicaid Drug program provides prescription drug coverage encompassing over 30,000 line items of drugs from nearly 300 different therapeutic categories.

It appears that an independent pharmacy which provides a Medicaid patient with his medicines – bubble packed or not – will likely be compensated for that drug at a lower net rate than the CVS pharmacy down the street. This leads to a dearth of pharmacies willing or able to operate in rural areas – areas where volume is low, though need may be great.

It appears that Medicaid is being overcharged for these drugs, and we must address it – but without reliable and accurate data, it is not possible for state actors like the Department of Medicaid to be responsible stewards of taxpayer dollars.

We, the men and women elected by the people of Ohio to advocate for their best interests, must ensure that every hard-earned dollar they cede to the government is spent frugally and efficiently. Moving to a fee-for-service model which requires transparency puts all providers on an even playing field while eliminating an unnecessary middle man – the PBMs.

It is for these reasons that I stand beside Rep Lipps to offer HB 465.

Thank you for your time. I’d be glad to answer any questions.