

June 11, 2024

The Honorable Brian Lampton  
Chair, House Insurance Committee  
77 South High Street, Floor 13  
Columbus, Ohio 43215

Dear Chair Lampton, Ranking Member Sweeney, and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association to provide proponent testimony for HB 505, which would help control drug costs in Ohio, provide greater protections for patients regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

NCPA represents the interest of America's community pharmacists, including the owners of more than 21,000 independent community pharmacies across the United States and about 385 independent community pharmacies in Ohio. These pharmacies employed more than 4,500 Ohio residents and they filled more than 25 million prescriptions in 2022.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies. HB 505 would put a stop to some of the opaque practices that are threatening patient access to community pharmacy services and raising costs for patients and plan sponsors.

NCPA supports the use of a transparent, cost-based reimbursement floor based on a state's Medicaid fee-for-service methodology. We are supportive of HB 505's proposal to use an actual acquisition cost policy in the commercial market. By tying the drug ingredient reimbursement to cost, the bill ensures that plan sponsors, payers, and employers would have more information about how their money is being used by their PBMs, avoiding spread pricing that unnecessarily raises costs to patients. NCPA also supports the use of a professional dispensing fee from a regularly updated cost of dispensing survey. Together these provisions can go a long way towards ensuring pharmacy reimbursement is transparent and reflective of a pharmacy's cost to dispense.

NCPA is also supportive of state policy that provides broad enforcement authority to the Office of the Insurance Commissioner. Almost every state has enacted measures to reform PBMs, yet many laws have

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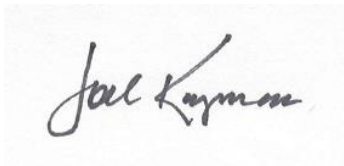
<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

<sup>2</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

not achieved their desired effect. HB 505 charges the superintendent of insurance to adopt rules for implementing and administering the law. If HB 505 is enacted, NCPA would encourage the superintendent to develop a robust enforcement scheme with fines collected to dedicated accounts to fund PBM oversight, increasing penalties for repeat violations, a portal through which to receive standardized PBM-specific complaints from patients and pharmacies, and a rigorous program to examine PBMs on a regular basis.

We want to thank the bill sponsors, Representative Barhorst and Representative Brian Stewart, for shining light on some of the PBM's most egregious business practices. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org).

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style with a large initial "J" and "K".

Joel Kurzman  
Director, State Government Affairs