

Thank you Chairman Lampton, Vice-Chair Barhorst, Ranking Member Jarrells, and members of the House Insurance Committee, my name is Larry Schieber

In 1989, I made a decision to leave a successful career in pharmaceutical sales and open an independent pharmacy. When I was a child, my father owned a pharmacy in Circleville. As I called on pharmacy owners as part of my sales job, I felt there was still a spark to do the same. I guess you could say that it was in my blood.

The first few years were difficult, but with the help of my wife, Kim, who is a registered nurse, we worked unbelievably hard and built a successful independent pharmacy in Circleville. 90% of our sales were cash and we had the ability to adjust our prices to compete in the free enterprise system. As our business grew, what we enjoyed the most was the relationships we developed with our patients.

Since the beginning years we have been involved in the local hospice program and have made many trips to the pharmacy in the middle of the night to provide medications for a dying patient. This is not atypical of any independent pharmacy owner.

So now it is 35 years later, and we still very much enjoy running our business and interacting with and supporting our patients. So, what has changed? We no longer operate in a free enterprise system! We are forced into take it or leave it contracts by pharmacy benefit managers (PBM's) for huge segments of our patients at rates that are, honestly, non-sustainable.

Over the last 15-20 years, the Federal Trade Commission (FTC) has allowed massive vertical integration in health care. To give one example, CVS Healthcare now owns an insurance company (Aetna), a PBM (Caremark), a specialty pharmacy, the Aetna preferred pharmacy (CVS), a mail order pharmacy, and are actually a service

provider (Minute Clinics). It doesn't take a scholar to figure out that they will do everything in their power to squeeze out their competition. The picture looks the same for Cigna, Humana and United Healthcare. Currently in the US, independent pharmacies are closing at a rate of more than one per day. Chain pharmacies are also affected. In the last two years, Rite-Aid, Walgreens, and CVS have closed more than 1500 pharmacies!

In many areas, it is the independent pharmacy that serves the rural and underserved areas. In Ohio in 2019, CVS bought the 20 store Ritzman Pharmacy chain operating in northern Ohio and immediately closed 17 of them creating large areas without a pharmacy. There are several Ohio counties that no longer have a pharmacy, requiring patients to drive long distances to obtain their life saving medications.

National Community Pharmacy Association (NCPA) members report that one PBM, Express-Scripts pay pharmacies below cost on 20% of their prescriptions. And if the cost of dispensing is factored in , pharmacies are losing money on 78% of Express-Scripts prescriptions. An NCPA survey reveals that 93% of its members will be less likely to participate in the Medicare Part D program in 2025 based on experiences in 2024.

In 2021, as covid killed people across the country, it was pharmacy and pharmacists that stepped up to administer lifesaving vaccines. Our store alone administered thousands of immunizations. As pharmacies disappear, who will step forward to offer covid, flu, or pneumonia vaccines?

Yesterday, we had a patient what was on a new type of inhaler and was unfamiliar with the procedure to administer the medication. Our pharmacist took the time to demonstrate proper use of the

inhaler and even had the patient take the first dose in the pharmacy. She was very appreciative of the personal attention we provided. When we processed her claim, we were paid about \$55 UNDER our cost! Obviously, this is unsustainable and none of us will be in business for long under these conditions.

UnitedHealthcare is one of our worst paying PBM's with a large percentage of our claims being paid under cost. In 2023 United Healthcare's PBM, Optum Rx reported revenues of \$116.1 Billion. For perspective, that was more than IBM, Ford, and CSX Rail, COMBINED!

The bottom line here is that many patients are losing access to their medication and in many cases, it is the poor and elderly that are hurt the most. Something must be done now! Pharmacists and pharmacy organizations stand ready to work with you, the legislative leaders of our state. Progress has already been made. Ohio has been a leader in PBM reform beginning with the State's Medicaid system. By eliminating spread pricing, the state has saved millions of dollars and improved access to recipients. But more needs to be done! We cannot allow PBM monopolies to force more pharmacy closures.

Thank you for your time. I would be happy to answer any questions.