3/4/2020 **SB 931**

A Network Of Independently Owned Pharmacies

Testimony offered on behalf of:

EPIC PHARMACIES, INC.

IN SUPPORT OF:

SB 931 – Maryland Medical Assistance Program and Health Insurance – Specialty Drugs – Definition

Senate Finance Committee

Hearing 3/4 at 1:00PM

EPIC Pharmacies SUPPORTS SB 931 - MD Medical Assistance Program Specialty Drug – Definition

Under current Maryland law a pharmacy benefit manager (PBM) may restrict the distribution of Specialty Drugs to restrictive pharmacy networks, usually vertically integrated and financially affiliated with the PBM. The current restrictions on what a PBM can consider to be a Specialty Drug are a monthly cost greater than $600, for a complex or chronic medical condition, and the drug not being "typically stocked" in a retail pharmacy. This definition is quite ambiguous and although about 20-25 medications were identified when this legislation was originally passed in 2015, today CVS Caremark's Specialty Drug list is greater than 400 drugs.

Specialty drugs now account for > 50% of all drug spend in this country, and independent retail pharmacies are being locked out of dispensing many of these crucial medications.

On January 1, 2020, the Maryland Department of Health (MDH) changed the payment mechanism to pay for HIV medications from their any willing provider Fee for Service network to their Healthchoice MCO network. The Healthchoice network is not an any willing provider network, and though there are some mild protections that could give patients some freedom to demand to not get their medications from mail order, there are no such protections from being forced to get their medications from a restricted "specialty network" that happens to be populated by pharmacies that are vertically integrated with the PBM and have a comingled financial interests.

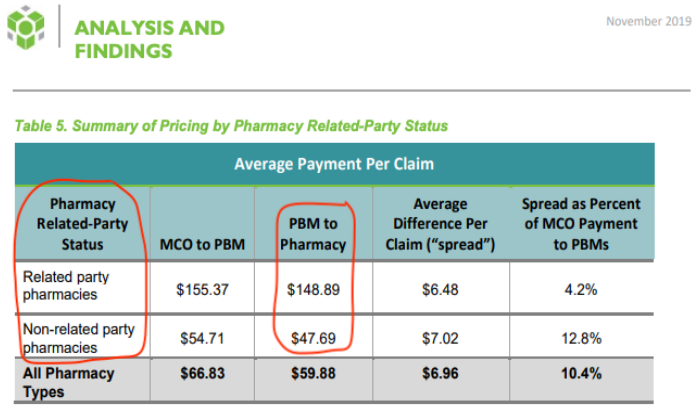
Both Diabetes and HIV medications are typically stocked in Maryland pharmacies. According to the MDH website, MD was ranked 6th among state and territories in adult/adolescent HIV rates in 2018.
https://phpa.health.maryland.gov/OIDEOR/CHSE/Pages/statistics.aspx

And, if you look at an HIV heatmap, you will see that every region of the state have HIV patients that are being treated by their local retail pharmacist.
https://aidsvu.org/local-data/united-states/south/maryland/

So, in the spirit of the original Specialty Drug bill, flawed as it is, HIV and diabetes medications are typically stocked in retail pharmacies in Maryland and should not be subject to a restricted network that is financially affiliated with a PBM.

Question: Are independent pharmacists paranoid? Are they being locked out of dispensing expensive medications by PBMs?

Answer: Absolutely. Look no further than p.14 of The MDH PBM Audit by Myers & Stauffer from 1/3/2020. https://aidsvu.org/local-data/united-states/south/maryland/



ANALYSIS AND FINDINGS

November 2019

Table 5. Summary of Pricing by Pharmacy Related-Party Status

Average Payment Per Claim				
Pharmacy Related-Party Status	MCO to PBM	PBM to Pharmacy	Average Difference Per Claim ("spread")	Spread as Percent of MCO Payment to PBMs
Related party pharmacies	$155.37	$148.89	$6.48	4.2%
Non-related party pharmacies	$54.71	$47.69	$7.02	12.8%
All Pharmacy Types	**$66.83**	**$59.88**	**$6.96**	**10.4%**

PBM's paid there wholly owned "related party pharmacies" on average $148.89 per prescription while paying independent pharmacies on average $47.69 per prescription. Why? Either the PBMs are wildly overpaying themselves for the same medications (possibly to some degree) or they are coercing and forcing patients on more expensive medications to use their "Related Party Pharmacies," over others.

Without the protections of this bill, it is not unreasonable to assume that the PBM's will eventually restrict and lockout HIV from "Non-related pharmacies."

Question? How has Maryland done with respect to HIV with its previous any willing provider Medicaid Fee for Service network of pharmacy providers?

Answer? Maryland is doing well in its current system where patients can get their medications from the local pharmacy that they know and trust, and in fact HIV infection rates are dropping under the current system? https://patch.com/maryland/baltimore/hiv-down-geographically-concentrated-rates-maryland

Besides dispensing medications, local pharmacies act as care coordinators assisting the health care system where the patient can't afford their HIV medication with triage and assistance to local (Aids Action Baltimore), state (MADAP & TAP programs), and national (Manufacture Assistance) programs to make sure the patient does not miss doses of their medicines. Local pharmacies utilize MedSync programs where patients are called monthly by a live person that they know and trust, to make sure that their medication regimen is correct and on track. Local pharmacies have specialty compliance packaging programs to improve adherence with HIV and diabetes patients. Local pharmacies are often contracted with local 340B PHS covered entities and local Ryan White programs to help maximize the financial benefit of those programs for those enties, to help more patients.

Mail order has lots of data about on time shipments. Local pharmacies have data and success in actually lowering the viral load and improving the immune systems of their patients through better compliance.

Sincerely,

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