



Testimony offered on behalf of:
EPIC PHARMACIES, INC.

IN SUPPORT OF:
HB 1307 – Pharmacy Benefits Managers – Network Adequacy and Reimbursement
House Health and Government Operations Committee
Hearing 2/27 at 1:00PM

EPIC Pharmacies SUPPORTS HB 1307 – Pharmacy Benefits Managers – Network Adequacy and Reimbursement.

EPIC Pharmacies are positioned in hundreds of communities across the state and represent the front line of healthcare providers caring for Maryland communities and your constituents. I am writing the Health and Government Operations Committee to urge you to Support HB 1307 – Pharmacy Benefits Managers – Network Adequacy and Reimbursement. As independent pharmacies, we fight on a daily basis to serve our customers and provide much needed support for our small community. This bill is about the survival of independent pharmacy and a leveling of the playing field when it comes to the way we are treated by Pharmacy Benefit Managers (PBMs). I know there are many parts to this bill but each is important to the survival of pharmacies that are not owned by a PBM.

First, this bill would grant additional authority to the Insurance Commissioner to regulate the PBMs and require that the methods of compensation that they use to pay pharmacies are fair and reasonable. We are currently not receiving reimbursements from these companies that could even remotely be defined as fair or reasonable. The top three PBMs control almost 90% of the prescription market and their contracts are essentially take it or leave it, even for a PSAO that represents over a thousand stores, because they each control such a large percentage of the market. These companies are then using these poor reimbursements to put independent pharmacies into financial hardship so that they are forced to sell, to the very PBM owned company dictating reimbursements, or go out of business further increasing the mail order market share for these companies. This bill would also prohibit mail order services from being included in calculations determining network adequacy.

Next, this bill would eliminate the credentialing game that PBMs use to extract thousands of dollars and hours of time from pharmacies at a frequency determined by the PBM. In Maryland, the Board of Pharmacy is responsible for inspecting and permitting pharmacies and we believe that no PBM should be allowed to require additional accreditation, certification, credentialing, or to collect fees above and beyond the Board of Pharmacy requirements for licensure.

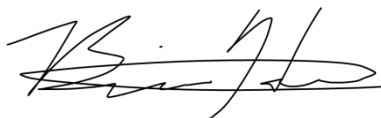
Third, the committee worked hard last year to eliminate GER and DIR fees that are assessed on pharmacies long after the point of sale transaction is complete, but the language was too broad and allowed PBMs to report these fees on the first remittance. We have received no such notice of reductions at point of sale or on these electronic remittance files, but some PBMs are still including these claims in the true-up files that they send to EPIC forecasting additional funds that will be subtracted from these claims at the end of the year. We don't believe that this complies with the law and it certainly wasn't the committee intent. HB 1307 would force that the payment returned to the pharmacy at the point of sale is the payment that they are guaranteed on the claim

and that no further reductions can be made for GER or DIR fees. This small deletion of the “first remittance” language would remove any confusion and send a clear message that the PBM needs to accurately report payment at the point of sale.

Finally, the most important piece of this legislation is the ability decline to fill a prescription where the PBM fails to reimburse the pharmacy above acquisition cost for the product. We have asked for this previously when we started to see an increase in these below water claims but they are now so prevalent that they are directly responsible for the pharmacy closures that we are seeing in Maryland. These companies, driven by corporate greed and the ability to pay pharmacies whatever they want, are using these below cost payments to force stores out of business and we can no longer allow it to continue. Certainly, these companies know what each drug cost in the marketplace since there is a national database of pharmacy cost. If they choose to continue predatory pricing schemes, the legislature needs to give pharmacies the ability to say no. If we are forced to dispense these products at continually escalating losses there will be continually escalating pharmacy closures. Refusing to fill a prescription is a difficult decision but when pharmacies are forced out of business there are no prescriptions provided to any patient at that location. We truly believe that when faced with members who understand this issue the PBMs will begin to reverse the trend of below cost payments.

Please help us put an end to some of the games that are being played which are closing pharmacies in your communities. Leveling the playing field for small pharmacies with HB 1307 will help ensure continued access to good care for your constituents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian M. Hose', written over a horizontal line.

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