



Testimony offered on behalf of:
EPIC PHARMACIES, INC.

IN SUPPORT OF:

HB 1015 – Pharmacy Benefits Managers - Prohibitions Related to Reimbursement and Use of Specific Pharmacy Requirement – Application
 Hearing 3/10 at 1:30PM

EPIC Pharmacies SUPPORTS HB 1015 - Pharmacy Benefits Managers - Prohibitions Related to Reimbursement and Use of Specific Pharmacy Requirement - Application

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.

Look no further than p.14 of The MDH PBM Audit by Myers & Stauffer from 1/3/2020.



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%

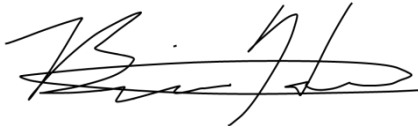
PBM's paid there wholly owned "related party pharmacies" on average \$148.89 per prescription while paying independent pharmacies on average \$47.69 per prescription. Why? Either the PBMs are wildly overpaying themselves for the same medications (possibly to some degree) or they are coercing and forcing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

Without the protections of this bill, the specialty market will continue to grow and PBM's will continue to force beneficiaries to their specialty pharmacies to keep captive this unregulated revenue stream.

Besides dispensing medications, local pharmacies act as care coordinators giving each patient access to a live person that they know and trust. Patient choice is the great equalizer in pharmacy services and giving Maryland patients the right to choose their provider will ensure that they get best care for their individual needs.

As such, EPIC Pharmacies recommends a favorable report on HB 1015.

Thank you,

A handwritten signature in black ink, appearing to read "Brian M. Hose". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian M. Hose, PharmD
EPIC PharmPAC Chairman
301-432-7223
brian.hose@gmail.com