



WHITE CROSS PHARMACY

House Corporations Committee
RI General Assembly
82 Smith St
Providence, RI 02903

1/30/2024

Re: H 7139 Control of High Prescription Costs – Regulation of Pharmacy Benefit Managers

Dear Committee Members,

Please accept this letter as testimony in favor of House Bill 7139. As a third-generation independent pharmacy located in North Providence RI we are keenly aware of the financial troubles PBM's place on pharmacies in RI and throughout the country.

Healthcare is one of the most regulated industries, however the PBM's have been allowed to flourish inside of healthcare with minimal oversight. Thankfully that practice is slowly changing as many states have set policies in place to regulate PBM practices, hopefully Rhode Island will follow suit.

To summarize from an independent pharmacy perspective, the pharmacy is beholden to the PBM industry. Below are three examples where PBM reform is necessary, and this Bill begins to address:

- The PBM sets the reimbursement price of a medication often called the MAC (maximum allowable cost) or Average Wholesale Price (AWP) . The pharmacy must then try to purchase that medication below that price and hope to make a profit margin to pay staff and expenses. The issue arises when the pharmacy cannot purchase the medication at or below that reimbursement level. MAC or AWP price should be transparent and easily obtained on their website with references.
- PBM's have consistently practiced in "spread pricing" whereby the pharmacy is paid one fee, but the insurance plan is charged another. Insurance plans including Medicaid are being overcharged and should be investigated. State of Ohio recently found where their state Medicaid plan was overly charged millions of dollars by PBM practices. It's inconceivable that Ohio is an outlier.
- Contracts the PBM's request pharmacies to sign are overly burdensome. Like PBM's, an independent pharmacy is also a business. The pharmacy should have the right to not fill a prescription due to underpayment. Currently a pharmacy will put their contract status in jeopardy by doing so. As the three PBM's control much of the market a pharmacy puts their livelihood in jeopardy if they lose a PBM contract.

Thank you for the opportunity to present this matter.

Regards,
Robert Iacobucci RPh
White Cross Pharmacy

1057 Mineral Spring Avenue, North Providence RI 02904
(P) 401-726-6200 (F) 401-351-5902
www.whitecrosspharmacy.com