

The Honorable Susan R. Donovan Chairwoman
House Committee on Health and Human Services 82 Smith Street, House Lounge
Providence, Rhode Island 02903
RE: Support with Recommendations for H5254, H5429 & H5498 - An Act Relating
To Businesses and
Professions –Pharmacies

Dear Chairwoman Donovan,

We appreciate you taking the time to review regulations being added for Pharmacy Benefit Managers in the State of Rhode Island through H5254, H5429 & H5498.

I am in full support of bill H5254, H5429 & H5498, as I believe making changes to the current reimbursement model for community pharmacies is important for the future of our profession and the success of healthcare in our state.

Working in an independent pharmacy, part of my job is to monitor the profit margins of each prescription filled. PBMs that utilize the spread model, such as caremark and prime therapeutics, constantly present negative remittance amounts when billing the insurance. Profit losses on prescriptions become even higher when trying to bill for longer day supplies. This creates a major issue between the pharmacy and patients as we are required to fill for a 3 month supply, and we are penalized by the PBM if we do so. The loss to the pharmacy does not generate or create additional savings for the patient. Ultimately, sustaining a business is very difficult when we are constantly taking losses on medications, especially with the cost of medications constantly rising.

These are issues that we rarely run into when dealing with PBM's who utilize national average drug acquisition[NADAC] pricing, such as Optum. In my experience, billing insurances who utilize the NADAC pricing model are much more straightforward. We see less discrepancies with final insurance payouts for prescriptions and most of our profits come from PMBs using this model.

At my pharmacy, we have resorted to using alternative vendors that offer cheaper drug prices in order to help offset the losses. These include Mark Cuban's CostPlus and EziRx. Even after using these vendors, we are still seeing significant losses on the reimbursement side from PBMS that utilize the spread model and not NADAC. This current model makes it seemingly impossible to run a profitable business from the pharmacy side, which is leading to independent pharmacies closing and pharmacy deserts becoming more common. Ultimately, patients become the ones who suffer as getting their medications are becoming harder and their choices to where they receive their prescriptions is becoming more limited.

We need to discover methods to prevent this trend from worsening and I believe that ratifying the way pharmacies are reimbursed by PBMs is a step in the right direction. I am grateful to be given the opportunity to speak on this situation and I thank you all for proposing this bill in order to strive for progress in our state healthcare system.

Sincerely,

Jordan Villella

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