March 5, 2024

[submitted electronically via: SLegislation@rilegislature.gov]

The Honorable Joshua Miller
Chair, Senate Health and Human Services Committee
41 Talbot Manor
Cranston, RI 02905

RE: S2387 (Ujifusa) – Imposes requirements on a managed care organization (MCO) and pharmacy benefit manager (PBM) in order to control Medicaid prescription drug prices AND S2395 (Ujifusa) – Ensures that independent pharmacies are protected from pharmacy benefit discrimination toward non-affiliated pharmacies and helps protect consumers' ability to choose local, independent pharmacies – SUPPORT

Dear Chair Miller, Vice Chair Valverde, Secretary Lauria, and members of the Health and Human Services Committee:

The Rhode Island Pharmacists Association (RIPA) and the American Pharmacists Association (APhA) supports Senate Bill (S) 2387 (Sen. Ujifusa) and S2395 (Sen. Ujifusa), which will protect Rhode Island patients' access to their medications and their trusted healthcare professional, the pharmacist.

As a result of the predatory practices of pharmacy benefit managers (PBMs), patients' access to medications from their local pharmacist across the country has declined[1], taxpayer dollars have been funneled into corporate profits[2], and generationally owned community pharmacies have been driven out of business[3]. Recently, a study found that PBM tactics forced Oregon Medicaid to overpay $1.9M on a single drug, where PBMs marked up the drug by 800 percent.[4] Appropriate government intervention is necessary to address the misaligned incentives in the PBM industry that prioritize profits over patients. S2387 and S2395 would address many of the underlying issues that result in harm to patients, taxpayers, and pharmacists.

S2387 would increase transparency and oversight of PBMs in the Rhode Island Medicaid program by prohibiting spread pricing[5] and requiring PBMs use a pass-through pricing model. We recommend that any pass-through model does not pass rebates directly onto vertically integrated health plans/PBMs, which is why we also support the bill's prohibition of preferential reimbursements to PBM-affiliated pharmacies.

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[1] Rose J, Krishnamoorth R. Why your neighborhood community pharmacy may close. *The Hill*. Available at https://thehill.com/blogs/congress-blog/healthcare/530477-why-your-neighborhood-community-pharmacy-may-close
[2] 3 Axis Advisors. Analysis of PBM Spread Pricing in New York Medicaid Managed Care. Available at http://www.ncpa.co/pdf/state-advoc/new-york-report.pdf
[3] Callahan C. Mom-and-pop pharmacies struggle to hang on. *Times Union*. Available at https://www.timesunion.com/hudsonvalley/news/article/Mom-and-pop-pharmacies-struggle-to-hang-on-16187714.php
[4] https://oregonpharmacy.org/2022/10/27/oregon-report/
[5] According to the U.S. Department of Health and Human Services Office of the Inspector General, "spread pricing is a practice where a PBM charges an MCO more for a drug than the amount a PBM pays a pharmacy."

This is important because reports have shown that a PBM sets the price of the same drug, strength, and quantity at over $3,800 at a PBM-owned pharmacy but on average less than $200 at a non-PBM-owned pharmacy.[6] Additionally, S2387 requires the Rhode Island Medicaid program to develop a plan to transition all managed care organization contracts to use a single PBM within 12 months of the bill's effective date. Other states, such as Ohio and Kentucky, have taken similar steps in past years to implement a single PBM in their state Medicaid program. Initial reports from Kentucky show that the program resulted in a cost avoidance of over $282 million over a two-year period.[7]

S2395 takes additional steps to ensure the sustainability of community pharmacies which will maintain patient access to their lifesaving medications and preserve the pharmacist-patient relationship. This comes from prohibiting PBM practices that undermine the financial sustainability of the local pharmacy. S2395 requires that PBMs reimburse pharmacies using the national average drug acquisition cost (NADAC) rate plus a professional dispensing fee. Importantly an enforcement mechanism is established in the bill by imposing fines to PBMs per violation for under-reimbursing pharmacies.

Combined, S2387 and S2395 will prohibit PBM actions that have undermined the pharmacy business model in Rhode Island and caused many pharmacies, especially those in racial and ethnic minority communities to close, exacerbating pharmacy deserts already disproportionally affecting these neighborhoods and contributing to health inequities. By addressing these discriminatory practices, pharmacies will be able to keep their doors open to continue to support patients' access to their medications and their trusted, local pharmacist.

For these reasons, we support S2387 and S2395 and respectfully requests your "AYE" vote. If you have any questions or require additional information, please don't hesitate to contact Chris Federico, PharmD, BCACP, President-Elect, RI Pharmacists Association, info@ripharmacists.org, and E. Michael Murphy, PharmD, MBA, APhA Advisor for State Government Affairs by email at mmurphy@aphanet.org.

Sincerely,

Chris Federico PharmD, BCACP
President, 2023-2024
Rhode Island Pharmacists Association

Michael Baxter
Vice President, Federal and State Legislative Affairs
American Pharmacists Association

cc: Senator Bridget Valverde, Vice Chair
Senator Pamela J. Lauria, Secretary
Senator Alana DiMario
Senator Elaine J. Morgan
Senator Linda L. Ujifusa

Established in 1874, RIPA has a rich history and is one of the oldest state pharmacist associations in the country. RIPA unites all pharmacists of the state for professional development and advancement, elevates practice standards, advocates for pharmacy, disseminates relevant scientific and professional information, and encourages collaboration between all allied health professions toward the improvement of public health.

[6] Pharmacy Benefit Management. Purchaser Business Group on Health. November 30, 2021.
[7] https://apps.legislature.ky.gov/CommitteeDocuments/372/26870/Sept%2020%202023%20Bechtel%20Medicaid%20PowerPoint.pdf

APhA is the largest association of pharmacists in the United States advancing the entire pharmacy profession, including 2,125 licensed pharmacists in Rhode Island. APhA represents pharmacists in all practice settings, including community pharmacies, hospitals, long-term care facilities, specialty pharmacies, community health centers, physician offices, ambulatory clinics, managed care organizations, hospice settings, and government facilities. Our members strive to improve medication use, advance patient care and enhance public health. APhA represents pharmacists and students who practice in numerous settings and provide care to many of your constituents. As the voice of pharmacy, APhA leads the profession and equips members for their role as the medication expert in team-based, patient-centered care. APhA inspires, innovates, and creates opportunities for members and pharmacists worldwide to optimize medication use and health for all.