



April 10, 2024

[submitted electronically via: HouseCorporations@rilegislature.gov]

The Honorable Joseph J. Solomon, Jr.  
Chair, Rhode Island House Corporations Committee  
54 Hess Ave.  
Warwick, RI 02889

**RE: H7720 (Kislak) – Ensures that independent pharmacies are protected from pharmacy benefit discrimination toward non-affiliated pharmacies and helps protect consumers' ability to choose local, independent pharmacies AND H8143 (Kislak) Restricts audits of pharmacists conducted by insurers and their intermediaries, limiting audits to 1 per year unless fraud or misrepresentation is reasonably suspected. The Rhode Island attorney would have the authority to impose sanctions for violations. – SUPPORT**

Dear Chair Solomon and members of the House Corporations Committee:

The Rhode Island Pharmacists Association (RIPA) and the American Pharmacists Association (APhA) support [House Bill \(H\) 7720](#) (Rep. Kislak) and [H8143](#) (Rep. Kislak), 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<sup>1</sup>, taxpayer dollars have been funneled into corporate profits<sup>2</sup>, and generationally owned community pharmacies have been driven out of business<sup>3</sup>. 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.<sup>4</sup> Appropriate government intervention is necessary to address the misaligned incentives in the PBM industry that prioritize profits over patients. H7720 and H8143 would address many of the underlying issues that result in harm to patients, taxpayers, and pharmacists.

H7720 takes 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. H7720 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

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<sup>1</sup> 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>

<sup>2</sup> 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>

<sup>3</sup> 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>

<sup>4</sup> <https://oregonpharmacy.org/2022/10/27/oregon-report/>

imposing fines to PBMs per violation for under-reimbursing pharmacies. NADAC aligns drug prices with actual pharmacy costs rather than fake manufacturer list prices.

Separately, H8143 would increase transparency and oversight of PBMs in the Rhode Island Medicaid program by prohibiting predatory audits of pharmacies by PBMs. Reports<sup>5</sup> have described that when PBMs conduct audits of pharmacies they can keep a percentage when infractions or clerical errors are identified. This can only incentivize PBMs to abuse the audit system to increase their revenue, regardless of whether legitimate infractions or clerical errors are suspected.

Combined, H7720 and H8143 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 disproportionately affecting these neighborhoods and contributing to health inequities. **A recent [article in Providence ABC6 on owner of Asthenis Pharmacy, Eugenio Fernandez PharmD highlighted the risk of spreading pharmacy deserts in Rhode Island.](#)**<sup>6</sup> 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 H7720 and H8143 and respectfully request your "AYE" vote. If you have any questions or require additional information, please don't hesitate to contact Chris Federico, PharmD, BCACP, President, RI Pharmacists Association, [info@ripharmacists.org](mailto:info@ripharmacists.org), and E. Michael Murphy, PharmD, MBA, APhA Advisor for State Government Affairs by email at [mmurphy@aphanet.org](mailto: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: Representative William W. O'Brien, First Vice Chair  
Representative Justine A. Caldwell, Second Vice Chair  
Representative Stephen M. Casey  
Representative Anthony J. DeSimone  
Representative Alex S. Finkelman  
Representative Brian Patrick Kennedy  
Representative Michelle E. McGaw  
Representative Brian C. Newberry  
Representative Robert D. Phillips  
Representative Brandon C. Potter  
Representative Robert J. Quattrocchi  
Representative Enrique Sanchez  
Representative Patricia A. Serpa  
Representative Brandon T. Voas

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<sup>5</sup> Mann HJ, Rutherford G, Murphy EM, et al. Current issues and recommendations to manage prescription drug benefits for public health programs. *Res Social Adm Pharm.* 2022 Jan 24;S1551-7411(22)00028-6.

<sup>6</sup> <https://www.abc6.com/providence-pharmacist-fights-to-keep-his-community-from-becoming-a-pharmacy-desert/>

About RIPA: 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.

About APhA: 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.