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**Chain Pharmacy in New York State:  
On the Frontlines of Patient Care, Medication Safety  
& Health Care Innovation**

**Testimony for the  
Joint Legislative Budget Hearing on Health/Medicaid**

**January 25, 2016**

**9:30AM**

**Hearing Room B**

**Chain Pharmacy Association of NYS**

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Honorable Chairwoman Young and Chairmen Farrell, Hannon and Gottfried and other distinguished members of the Committee, my name is Mike Duteau. I am a pharmacist, Vice President of Business Development and Strategic Relations at Kinney Drugs and President of the Chain Pharmacy Association of New York State. We would like to thank you for your strong past support of community pharmacy in New York and for the opportunity to testify today related to the State Fiscal Year (SFY) 2016-17 State Budget.

Community pharmacies are the face of neighborhood health care. The innovative programs of pharmacies deliver unsurpassed value- improving health and wellness and reduce health care costs. Through face-to-face counseling and medication management programs, the pharmacist-patient relationship helps ensure that patients take their medications correctly. This improved medication adherence means a higher quality of life and the prevention of costly treatments. Innovative community pharmacy services - vaccinations, health education, screenings, simple monitoring functions and procedures, disease management and more - all make up the health care delivery system of tomorrow.

Specific to the 2016-17 State Budget, the Chain Pharmacy Association of New York State and our member companies across the State are focused on two issues: Protecting patient access to needed pharmacy care by ensuring fair payment to pharmacies and strengthening the role that pharmacists can play in improving patient health and outcomes while reducing costs.

### **Fair Payment to Pharmacies**

The Chain Pharmacy Association of New York State respectfully asks the State Senate and Assembly to make it a priority again this year to reject a proposed cut to community pharmacies which would reduce Medicaid Fee for Service (FFS) reimbursement for specialty drugs. This cut could jeopardize pharmacy care in New York. The proposed cut totals \$1.8 million state share (\$3.7 million gross) for SFY 2016-17.

Like last year and in years prior, the Executive Budget is proposing to set a level of reimbursement that would pay New York's pharmacies (chain and independent) at below their costs to acquire medications.

Unlike last year however, the State Department of Health (DOH) is seeking broad authority in the Budget to set reimbursement rates for community pharmacies for a certain class of drugs- an undefined list of "specialty drugs" as designated by Medicaid managed plans. In essence, DOH is asking the Legislature to relinquish its authority in approving pharmacy reimbursement under Medicaid FFS as contained in the statute saying "trust us" to set pharmacy payments using our data for specialty drugs.

DOH tried this two years ago with their pharmacy actual acquisition cost proposal which was inaccurate, lacked transparency, and by DOH's own admission would have paid 50% of pharmacies at below their costs. As a result, the Legislature rejected it. We ask that the

Legislature again intervene and not allow DOH to go down this path when patients are counting on these medications to fight or manage very serious diseases.

Specifically, DOH proposes to use data that they collect from managed care plans in order to establish pharmacy reimbursement rates. This is data that is not readily available to pharmacies, the public or the Legislature. Using this data, DOH would identify the lowest reimbursement paid by managed care plans to pharmacies in their networks for “specialty drugs” and set that rate as the ceiling for what Medicaid would pay pharmacies. It is possible that DOH may initially only apply this to a short list of drugs but over time could significantly expand the list of what is deemed “specialty drugs” (to upwards of 600 drugs) if given this broad authority.

We believe this proposal is riddled with problems negatively impacting community pharmacies and the patients they care for. Unlike prior years, this cut is directly targeted at prescription medications that patients with the most serious and often life threatening diseases need. This could include drugs to fight cancer, multiple sclerosis, cystic fibrosis, serious mental illness, HIV, rheumatoid arthritis and many others.

What’s more, patients who remain in FFS and who have not transitioned to a Managed Care plan have complex care needs, often co-morbidities and may require multiple prescription medications which ultimately help to prevent the need for more advanced and costly care. Given this, a proposal to target and reduce payments to the pharmacies that serve these patients seems to be extremely misguided.

New York is already among the very lowest of other states in the amount currently paid to pharmacies for brand name drugs under FFS. Further, if this year’s proposal to allow DOH to set FFS reimbursement for specialty drugs is approved, it will become the New York benchmark. As a result, it will have a ripple effect and could be adopted by Medicaid Managed Care and commercial plans. Without question, the impact of this on community pharmacies (independent and chain) could be pharmacy closures and job losses, leading to patient access issues, particularly in our low income, rural and underserved areas.

In sum, the proposed cut would devastate community pharmacies and the patients they serve who have some of the most serious and even life threatening diseases and conditions. For these reasons, we respectfully ask that the Senate and Assembly firmly reject the proposed Medicaid cut to pharmacy reimbursement in the final State Budget in order to protect pharmacy care in New York.

### **Comprehensive Medication Management**

As a counter proposal to further decreases in pharmacy reimbursement levels, we believe New York should instead consider how pharmacists are currently being underutilized and can do so much more to improve patient care and quality and reduce unnecessary hospitalizations and other costly care.

Over the last several months, we have been working with other pharmacy organizations and a variety of stakeholders including hospitals and physicians, health insurance plans, DOH and others to develop a proposal to better promote collaboration between pharmacists and physicians in our State. As a result of these discussions, we believe that a comfort level has been reached by stakeholders and would ask for the Legislature to consider its enactment.

Such enhanced physician-pharmacist collaboration would be pursuant to a voluntary written protocol to enable physicians to refer certain patients who have not met the goals of therapy, are at risk for hospitalization or are otherwise considered to be in need of comprehensive medication management services to a qualified pharmacist.

The qualified pharmacist would be authorized to perform certain activities as defined in the written protocol. This could include ongoing evaluation of a patient's condition and medication adherence including ordering/performing routine patient monitoring functions, adjusting or managing a drug regimen of a patient as needed and accessing the patient's medical record. The pharmacist would be required to notify the treating physician in a timely manner relative to his/her recommendations and any permitted adjustments made to the patient's prescribed medications.

Enactment of this proposal is necessary to remove the barriers to such collaboration in current statute, promote collaboration between physicians and pharmacists in community practice settings, lower the risk of hospitalization in patients with chronic conditions and pave the way toward Value-Based Payments utilizing the expertise and clinical services that pharmacists can provide.

## **Conclusion**

The Chain Pharmacy Association of New York State and our member companies would like to thank the State Senate and Assembly for your longstanding and unwavering support of community pharmacy. We wholly support reimbursement rates that are fair, adequate and commensurate with the quality and comprehensive pharmacy services that our members provide. For this reason, we ask that you reject the very problematic pharmacy reimbursement proposal in the Final State Budget in order to protect pharmacy care in New York State. We also urge the State to consider our recommendations to expand physician-pharmacist collaboration in order to improve patient medication adherence and health outcomes while reducing costs. We welcome the opportunity to provide any assistance or information that would be helpful and look forward to continuing to partner with you to ensure the highest quality of pharmacy care for all New Yorkers.