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Connecticut Association of Community Pharmacies, Inc.

**Carrie Rand-Anastasiades - CT Association of Community Pharmacies
Testimony Before the Human Services Committee
S.B. No. 1013 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET
RECOMMENDATIONS CONCERNING HUMAN SERVICES.
RE: Cuts to CT Medicaid Pharmacy Reimbursement
Tuesday, March 14, 2011**

Good evening Senator Musto, Representative Tercyak and members of the Appropriations Committee. My name is Carrie Rand-Anastasiades and I am the executive Director for the Connecticut Association of Community Pharmacies. We represent chain pharmacies around the State such as CVS, Walgreens, Stop & Shop, and PriceChopper to name a few.

I am here today to testify against the State's proposed plan to equalize the pharmacy reimbursement for Medicaid with the rate paid for the State Employee Health Plan.

We have met with Secretary Barnes and he is factoring the savings in this line item off of AWP-18.5%. a dispensing fee of \$1.50 and a payment for generic drugs at -68%. Several of my member companies have checked their reimbursement for the State Employee Plans and they are not that low. **If the rate were to go this low for the Medicaid population Connecticut's rate would not only become the WORST IN THE NATION, it would be below the cost of doing business.**

If this were to take place, you would indeed find chain pharmacies pulling out of the Medicaid program, which would create huge access problems.

Growth in Medicaid spending for the pharmacy benefit is driven by the cost of prescription drugs rather than by reimbursement to pharmacies for dispensing medications and providing other services. In Connecticut, some examples of more effective ways to control costs include **increased utilization of lower cost prescription medications**, implementing a health home for patients with chronic conditions, expanded use of e-prescribing and e-technology, and implementing a medication therapy management program to assist patients with complex medical conditions to better manage their diseases.

Connecticut Statutes §20-619 states that a pharmacist may substitute a less expensive generically equivalent drug for any brand name drug unless the product selection is expressly prohibited by the prescriber. Brand name products may be prescribed and dispensed if the prescriber certifies in his own handwriting "dispense as written" on the prescription form to the dispensing pharmacist. Connecticut's 66.5 percent generic utilization rate in 2009 ranked 41st among state Medicaid generic utilization rates for that year. An increase in Connecticut's generic utilization rate could definitely yield additional Medicaid program savings.

In Calendar Year 2009, every one percent increase in the Connecticut Medicaid Program's generic utilization rate saved about \$8.4 million. It remains crucial to the

program's continuing cost-savings efforts that generics are preferred, not only in statute, but also in the minds of those who prescribe and dispense prescription drugs.

The average cost of a generic dispensed to Connecticut Medicaid enrollees in calendar year 2009 was about \$26.77, which is just 10.5 percent of the \$215.14 average cost for a single-source (patented) brand name medication, and an average difference of about \$188.37 per prescription. Despite being dispensed 66.5 percent of the time, generics constituted only about 19.8 percent of program spending on prescriptions. AARP reported in March 2007 that, over the previous year, the average prices of brand name drugs crucial to the elderly had increased by 6.2 percent, while the average prices of commonly-used generic medications had dropped by about 2 percent. Generic drugs continue to be the best buy.

We estimate a 1 percent increase in the generic dispensing rate in Connecticut would yield \$8.4 million in annual savings. Raising Connecticut Medicaid's 66.5 percent generic dispensing rate by 12.8 percentage points, to neighboring Massachusetts' 79.3 percent rate, would yield \$107.5 million annually.

We are not ignoring that the State needs to lower the rate given the current budget deficit, but they are using a benchmark (ie the State Employee Plan) that can't be the same for the two populations. The State is seeking to arbitrarily index a rate for Medicaid for a rate that is negotiated between a PBM & the State. A big part of the negotiation is the plan design -which is really determined by the collective bargaining agreements with the State Employees Union.

Co-pays and Mail Order abilities completely change the playing field. Those are only factors that the State Comptroller can negotiate for and pharmacies are currently prohibited from withholding a Medicaid client's medication if the copay is not given. There are also no mail order abilities under the Medicaid plan.

The State Employee Plan and the Medicaid plan are completely different populations, one is healthy and procures more non pharmacy items at our stores, the other is sick, transient and it is mandated that a pharmacist counsel each patient when they receive their prescription.

Connecticut Pharmacies can not afford another hit, please make pharmacy access a priority and look at other cost saving measures that would yield far more savings and would be sustainable. Thank your for your consideration.

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