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CPA CONNECTICUT PHARMACISTS ASSOCIATION

Testimony Submitted to the Appropriations Committee
February 22, 2013

Good evening Senator Harp, Representative Walker and members of the Committee. My name is Margherita Giuliano. I am a pharmacist and Executive Vice President of the Connecticut Pharmacists Association, a professional organization representing close to 1,000 pharmacists.

I am writing today to remind the committee of the impact that the last two legislative sessions have had on the independent pharmacies across Connecticut. In reviewing the Governor's budget, the struggle continues.

In the proposed budget, **Independent Pharmacy** ***loses the differential reimbursement on AWP*** that was passed last session and is still awaiting action at CMS. DSS submitted a State Plan Amendment in October and to my knowledge, it has not yet been approved. Just to recap, Independent pharmacies do not have the same advantages in the distribution system that the chain pharmacies have. Drugs come from manufacturers and are sent to wholesalers and then to the pharmacy. At each distribution point there is an added layer of cost incurred that gets passed on to the pharmacy purchasing the drugs. Chain pharmacies are so large that they own their own wholesalers. So, they avoid one layer of these additional costs entirely.

This is an important distinction, and is why the chain pharmacies never complained about the Medicaid reimbursement being set at AWP – 16%. Independent pharmacies were not supportive of that reimbursement.

When the state did the deficit mitigation plan adopted in December, the AWP for ***independent pharmacies*** was cut from AWP – 14% to AWP -15%. In Governor Malloy's proposed budget, it brings the AWP back to where we have been: AWP – 16%. ***So although the legislature sought to assist the Independent Pharmacies to remain viable, the actions – or inaction – by DSS and the Administration has thwarted these efforts.***

The other area of concern is the dispensing fee. The deficit mitigation plan, which was adopted in December, changed the dispensing fee from $2.00 to $1.70. The new proposal announced by Governor Malloy is to have the dispensing fee for Medicaid align with the dispensing fee in the State Employee Prescription Drug Plan. It is my understanding that the dispensing fee for the State Employee Prescription Drug Plan is **$0.75 for drugs dispensed for 30 days and $0 for 90-day supplies**. This represents a **decrease in our fees by 63% in 6 months**. Is any other health care provider receiving a similar reduction? As the legislature is well aware, the majority of Independent Pharmacies (12 out of 160), along with the other major chain pharmacies, do not accept the State Employee Prescription Drug Plan because the reimbursements are too onerous. By aligning the Medicaid dispensing fees with the State Employee Prescription Drug Plan, there could be some pharmacies that opt out of Medicaid as well which would affect patient access. I urge the legislature to proceed with caution.

The budget also calls for the elimination of ConnPACE and certain adults under HUSKY A (INCOME OVER 133% OF FPL). All ConnPACE recipients are being moved to the CT Health Exchange in 2014, so the plan will be eliminated at that time. This will include certain HUSKY A clients as well. The association is

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supportive of this action since the majority of the ConnPACE recipients are already placed in a Medicare Part D plan for prescription coverage. The CT Health Insurance Exchange now Access Health has included a robust prescription drug plan as part of their Essential Health Benefit. It is the intention of the exchange to ensure that these insurance benefits are affordable to all.

The final budget item we would like to address is the proposal to ***implement a step therapy program*** for new prescriptions under Medicaid. This will not include mental health drugs. What this means is that in order for a patient to receive a non-preferred medication, the prescriber will need to provide documentation that the patient has already tried a preferred drug product. This will increase the use of lower cost drugs either generic or PDL drugs and provide savings to the state. As the health care provider with true expertise in medication action and use, pharmacists can and should play a key role in ensuring that the implementation of a step therapy program is done to minimize the impact to patient care. Step therapy is used frequently in most insurance plans. It is very appropriate to try a preferred drug product or generic medication initially, as long as the patient has not had an adverse reaction to the medication previously. I do believe that an enhanced reimbursement to the pharmacists for managing this program is appropriate. This moves into the realm of care coordination and is an additional step outside of the dispensing process for which the pharmacy should be paid.

Connecticut's independent pharmacies have been struggling to keep their businesses open to continue to serve the state's vulnerable Medicaid populations. They have reduced staff, reduced hours, reduced their inventories, reduced charitable contributions to their communities and have implemented additional efficiencies in an attempt to stay afloat. This is certainly in contrast to the jobs building initiative that has being promoted by the administration over the last year.

Going forward, I would urge the legislature to put together a work group that will develop programs that will actually have long term savings for the prescription drug line item as well as programs that will create savings on total health care expenditures. We need to be proactive on these issues. We cannot keep reacting to budget deficits. If we had implemented just one of the programs that involve pharmacist services ten years ago the state would have saved significant dollars that may have negated the need for some other budget reductions.

Our Association has always tried to work collaboratively with the legislature and the administration to provide innovative ideas to save money. We only ask that the Legislature and the administration continue to work with us to implement some ideas that will create the savings the state is looking for without devastating the pharmacy business and patient access to care.

Thank you for your time. We look forward to continuing the dialogue.