

Insurance & Real Estate Committee
SB 958
An Act Concerning Electronic Funds Transfer Payments by
Pharmacy Benefits Managers to Pharmacies
February 26, 2013

Senator Crisco, Representative Megna, and the Distinguished Members of the Insurance and Real Estate Committee:

My name is Robert Bradley. I am here to testify in **support of Raised Bill 958, An Act Concerning Electronic Funds Transfer Payments by Pharmacy Benefits Managers to Pharmacies.**

My wife Marion and I own and operate the Beacon Falls Pharmacy in Beacon Falls. We have been in business over 7 years, having opened in November of 2005, and employ three people in addition to ourselves.

One of the most challenging aspects of running a small independent pharmacy is managing cash flow. PBMs reimburse small pharmacies like ours on an average ranging from four to eight weeks after we fill a prescription. We pay our drug suppliers on terms of 30 days or less, forcing us to act as the "bank" for these multi-billion dollar PBM businesses. With weekly payments from small pharmacies to our suppliers often ranging from \$50,000 to \$75,000, it is imperative that we receive our regularly scheduled payments from the PBMs on a predictable, dependable basis.

Unfortunately, most of the larger PBMs insist upon paying pharmacies via paper checks and the US Mail. I have had checks exceeding \$10,000 accidentally delivered to the address next door to my pharmacy. I have also had large checks placed in the wrong PO Box at the Post Office. I have had large checks simply not show up for 7 to 10 days after they were due to be delivered. Calling the PBMs for corrective action or even a simple explanation is fruitless.

In this age of instantaneous communication and automation, it is unreasonable for institutions as large as PBMs to refuse to use Electronic Funds Transfer to make payment. Most of the small and midsize PBMs, including those operated by Cigna and Aetna, as well as the State of Connecticut DSS, do already offer this service, and in fact encourage or require it. The cost is minimal, and I would expect less than that of printing and mailing paper checks. The security and dependability of Electronic Funds Transfer is exponentially greater.

Electronic Funds Transfer is a predictable, repeatable, dependable process, and should, at the request of a pharmacy, be required of the PBMs.

Thank you for your consideration.