

Testimony Submitted to the Connecticut General Assembly Appropriations Committee

Re: HB 6824; An Act Concerning the State Budget for the Biennium Ending June Thirtieth 2017, And Making Appropriations Therefor And Other Provisions Related to Revenue

Senator Bye, Representative Walker and Distinguished Members of the Appropriations Committee;

My name is Edward Schreiner. I am a resident of Oakville, Ct. I have owned and operated Stoll's Pharmacy in Waterbury, Ct, since 1988. I am also the Chairman of the Board of Directors for Northeast Pharmacy Service Corporation (NPSC), a buying group that provides business development services to over 260 participating community pharmacies throughout New England, including 110 businesses located here in Connecticut.

I am writing this letter to strongly urge you to oppose the reduction in Medicaid reimbursement from AWP-16% + \$1.70 to AWP-18% +1.40 that is included in the Governor's current budget proposal. Even with the assistance of large buying groups such as NPSC, such a dramatic reduction in reimbursement will make it very difficult for independent community pharmacies to continue to participate with the Medicaid program.

Medicaid reimbursement to pharmacies has been steadily reduced over the past decade. These continuous reductions in reimbursement have already forced participating pharmacies to implement significant cost-saving measures to be able to remain viable businesses in Connecticut. Many independent pharmacies, especially those located in inner cities with significant Medicaid populations, have been struggling to survive continuous reimbursement cuts. Numerous pharmacies, such as mine, that have had a presence in their communities over multiple generations of ownership, are now operating on shoe-string budgets. There are only so many ways we can further reduce our costs to remain profitable.

Payroll reductions are one of the few areas where local businesses can influence the "cost of doing business" in Connecticut; however, this type of reduction has a significant impact on the local and state economy as well. During the last round of reimbursement cuts I terminated plans to expand my workforce. I was forced to lay off one full-time employee and reduced a second full-time position to part-time. I also reduced working hours for two other full-timers. Stoll's Pharmacy provides full medical insurance and life insurance coverage for full-time employees. Having two less full-time employees (on a staff of 15) reduces my healthcare insurance burden while exposing the state to greater healthcare costs as these employees will now look to the state for medical coverage. All of my employees live in Waterbury and the surrounding towns. These employees spend their paychecks locally. Payroll reductions directly reduce money available for my staff to spend in the local economy. Payroll reductions also impact state income tax collections. Obviously, fewer employees, working fewer hours, results in lower payroll withholding for state income taxes.

I have also been forced to make significant reductions in donations to deserving local organizations such as Waterbury's PAL, Police Explorer's, Easter Seals, local High School and Community Sports Associations.

Independent community pharmacies provide valuable, cost-saving services to Medicaid residents. We often manage patients with the most complex drug regimens. We understand that taking prescription drugs properly can be a challenge for many people. My pharmacy offers numerous, comprehensive patient services such as medication synchronization, medication therapy management, adherence counseling, and patient assistance with pre-poured weekly pill trays and specialty packaging systems to help our patients maximize the benefit of the drugs being prescribed for them. All of this is done at no additional charge and is not reimbursed by Medicaid. Being located in downtown Waterbury, approximately 35% of Stoll's Pharmacy's revenue is generated by providing pharmacy services to Medicaid recipients. The drastic cuts in drug

reimbursement in the Governor's budget recommendations will make it extremely difficult to continue offering these additional services,

As this legislature is well aware, for many years Connecticut pharmacies have been experiencing aggressive DSS audits with recoupments seeking well over \$100,000 based on clerical errors. I applaud your efforts to reign in these abusive audit practices, however, the possibility of unjust Medicaid audits compounded with the current proposal to reduce pharmacy reimbursement once again, is causing many pharmacies to re-evaluate their ability to continue to participate in the Medicaid program. As I have outlined above, in my particular case, it would be with a reduction in patient services. If I am forced to reduce staffing levels yet again. Who will meet the needs of these clients if Stoll's Pharmacy and other independent community pharmacies do not?

When manufacturer rebates and matching federal funding are considered, further reduction to pharmacy reimbursement only saves the state 25 cents for every dollar cut. CMS and drug manufacturers will save the other 75 cents. While the huge reduction in reimbursement will clearly have a devastating impact on Connecticut's Medicaid pharmacy providers the resultant budgetary savings will pale in comparison. This makes no sense.

In conclusion, I strongly urge you to oppose the Governor's proposed reduction in pharmacy reimbursement in the Medicaid program. Simply reducing reimbursement to pharmacies has not solved the pharmacy cost issues of the Medicaid program for the last 20 years. The prescription drug line item in the budget has increased steadily for 2 reasons: increased cost of the drug product and increased utilization by a growing Medicaid recipient population. As a taxpayer I ask you to work with Connecticut's pharmacists and the Department of Social Services to find better, more innovative ways to control prescription drug spending for the Medicaid population, without jeopardizing more Connecticut jobs, tax revenue and pharmacy access for Connecticut's most fragile patient population.

Thank you for the opportunity to express my opinion.

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