



Focus of Community Pharmacy:

Access. Trust. Wellness.

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

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9:30AM

Hearing

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The Community Pharmacy Association of New York State (CPANYS) would like to thank you for your strong past support of local pharmacies in New York and for the opportunity to testify today related to the State Fiscal Year (SFY) 2023-24 State Budget.

CPANYS represents pharmacies of all types and sizes, and in every county across the State. Together, we are focused on protecting patient access to pharmacy care and strengthening the role that pharmacists can play as part of the health care team to improve patient health outcomes while reducing costs.

Today, we will focus our testimony on two areas of the SFY 2023-24 State budget, as outlined below.

(1) REQUEST: Please Support Implementation of the Medicaid Pharmacy Benefit Expansion to NYRx Effective April 1, 2023, without Delay or Repeal

In 31 days (one month), New York State will implement a significant reform of its Medicaid pharmacy benefit, transitioning from Medicaid Managed Care (MMC) to the Fee for Service program known as NYRx. The State Health Department has been preparing for this transition for three years and is well-prepared and ready to return to fully administering the Medicaid pharmacy benefit, as it did ten years ago before then Governor Andrew Cuomo and prior State Medicaid Director Jason Helgeson moved the program to Medicaid Managed Care. Patients with Medicaid have been notified of this program change, have been preparing for the change with their pharmacists and will soon realize the many benefits that this reform will mean for them.

Patient benefits include:

- Providing equal care to all 8 million individuals enrolled in Medicaid;
- Expanding patient access to care by covering more medications with one Preferred Drug List which covers 100% of FDA-approved drugs;
- Enabling patients to use any NYS licensed pharmacy of their choice which is most accessible to them, without restrictive networks; and
- Redirecting resources which are currently used to pay health plans and pharmacy benefit managers (PBMs) to actual care.

With this reform, New York will move to a single payer program for providing pharmacy benefits to those enrolled in Medicaid. This means New York will no longer pay large national health insurance companies and PBMs to administer a program that the State Health Department is capable of doing itself. Finite state resources will no longer go to Fortune 500 companies and large corporations which act as unnecessary middlemen in Medicaid pharmacy program, often denying or delaying patient access to needed medications.

Also, multiple investigations have exposed PBMs for overcharging state Medicaid programs including New York's and undercutting pharmacy providers by paying below-cost reimbursement to keep the difference. This practice is known as "spread pricing" and it is among the many nefarious practices that large national PBMs use to grow their own profits.

Community pharmacies in New York's most undeserved communities with a high number of individuals enrolled in Medicaid are at a breaking point as a result of these PBM practices. Individual pharmacies are reporting annual losses of \$500,000 to \$1 million due to below-cost reimbursement by managed care plans in Medicaid. Some have already been forced to close in these communities. Other pharmacies are being excluded from Medicaid managed care plan networks, never being offered a contract to join a network, so they are unable to serve the majority of individuals in their areas with Medicaid. This is a self-serving practice by PBMs to drive business to pharmacies that they own. In many urban and rural areas, we are now seeing pharmacy deserts due to the managed plan and PBM's inadequate reimbursement and network exclusions which harm the very communities which need such care the most.

This acute situation will be remedied in just one month when all pharmacies in the State will be allowed to serve those with Medicaid, the program and benefits will be streamlined and payment to pharmacies will be fair and adequate to cover the costs to procure and dispense medications and provide other essential pharmacy care for New Yorkers.

The State will also immediately see the benefits of these reforms. In particular, this reform will stop health plan and PBM mismanagement and abuse due to the lack of transparency that exists today. And the State will be able to turn the tide on rising drug costs by rightsizing incentives and taking large national PBMs and health plans out of the program. The State of California implemented this transition over a year ago on January 1, 2022, shifting its pharmacy benefits back to the State for administration. We had an opportunity to discuss the program with the California Medicaid department recently. They reported that the program is working well serving 15 million residents with Medicaid and the State and patients are seeing the many benefits of the program.

We understand that concerns have been raised by safety net providers about the inadvertent loss of federal 340B revenue from this transition. We were very pleased to see that the SFY 2024 Executive Budget would make very significant funding reinvestments from what will be saved from this program to go back to Ryan White Clinics, federally qualified health centers (FQHCs) and hospitals as outlined below (source Medicaid Scorecard):

- NYRx Transition: State Share savings in SFY 2024 of \$410 million and in SFY 2025 \$547.8 million

- NYRx Reinvestment to Ryan White Clinics \$30 million in SFY 2024 and SFY 2025
- NYRx Reinvestment to FQHCs \$125 million in SFY 2024 and SFY 2025
- NYRx Reinvestment for Hospitals through rate increase \$212.5 million in SFY 2024 and SFY 2025
- Total reinvestment: \$367.5 million (state share)/ Over \$700 million (state and federal)

With the federal Medicaid match, this state funding would be doubled. California similarly addressed 340B concerns by creating a reinvestment fund of \$105 million per year (a fraction of what the Executive Budget is providing here). We asked the California Department of Health if they were aware of any clinic/safety net provider closures as a result of their benefit shift over a year ago. They said no.

New York's NYRx program was scheduled to take effect in April 2021 and was delayed two years. As a result, the State has been preparing for these much-needed reforms for more than three years and has our full confidence and support that everything (processes, protocols, vendors) is in place to ensure a smooth and positive transition for patients April 1st. The state's strong network of community pharmacies and pharmacists stand ready to partner with the State to implement this important program to expand access and quality of pharmacy care for all with Medicaid in one month.

(2) SUPPORT for Expanding Public Health and Preventative Services Provided by Licensed Pharmacists (Parts V&W, of S4007/A3007)

We are supportive of Parts V and W of the HMM Article VII Executive Budget bill to build on existing laws in New York to expand patient access to a number of preventative and public health medications and services. This includes pharmacist ordering and dispensing of birth control and emergency contraception medications to help close gaps in access for important reproductive healthcare services. The proposal would also allow pharmacists to administer a non-patient specific standing order for the HIV-preventative medication, commonly called PrEP, and establishes protocols and a training program for pharmacists to do so. Additionally, the proposal would enable pharmacists to order and administer Clinical Laboratory Improvement Amendments-waived tests (CLIA). Currently, pharmacists may do so only for COVID-19 and Influenza.

Further, the proposals would help remove barriers for patients to lifesaving naloxone (to reverse opioid overdoses) and to nicotine dependence treatments by authorizing pharmacists to order and provide these medications. Currently, there is a state standing order in place for pharmacy dispensing of naloxone. Finally, the proposal would enable pharmacists to further assist patients with diabetes and asthma management by helping to refer them to education and other programs and assuring Medicaid coverage for such programs.

Pharmacists are among the most trusted and accessible healthcare providers in our communities. They continue to play an important role in helping to address access gaps for preventative and public health services. However, pharmacists are underutilized for their training and expertise and these proposals recognize the stronger role that pharmacists can play in expanding access and improving health outcomes.

While we are very supportive of these proposals, we believe it is important to emphasize that expanded access to needed services and medications will not be possible if community pharmacies are unable to remain in the underserved communities that need these services the most. For this reason, our leading priority and focus remains on asking the State Legislature and Governor to stay the course with implementing the State Medicaid pharmacy benefit shift from Medicaid Managed Care to Fee for Service (NYRx) which is set to take effect on April 1st. This single policy will protect and expand patient access to needed healthcare and provide stability and sustainability to the local pharmacies across the State who care for them.

Thank you for your consideration of our comments regarding the SFY 2023-24 budget. The shared goal of our members is to ensure patient access to high quality pharmacy care throughout the State. Please continue to see our Association and members as a resource on any pharmacy or health-related topic where we can be of assistance.