



PHARMACISTS SOCIETY OF THE STATE OF NEW YORK

TESTIMONY

**JOINT LEGISLATIVE BUDGET HEARING
HEALTH AND MEDICAID**

February 10, 2026

**Parthiv Shah, President
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Dear Honorable Finance Chair Krueger, Honorable Ways & Means Chair Pretlow, Senate Health Chair Rivera, Assembly Health Chair Paulin, and distinguished Members of the Legislature:

My name is Partiv Shah and I currently serve as President of the Pharmacists Society of the State of New York. I am also an independent pharmacy owner/operator, who works diligently to provide best in class pharmacy services to the residents of Hell's Kitchen in Manhattan. The Greatest City in the World deserves the best healthcare possible, and I am proud to be a part of the healthcare solution for the health challenges my community faces.

PSSNY is a more than 140 year-old statewide organization with regional affiliates that represents the interests of more than 25,000 pharmacists who practice in a variety of settings. Most members practice in community pharmacies. Many are independent owners who regularly travel to Albany to speak with the Legislature about the state of pharmacy, including the opportunities and challenges facing the profession. As you know, pharmacies and pharmacists provide a first line of care in urban and rural settings across the State, and New Yorkers deserve unencumbered access to the pharmacy of their choosing.

First, we want to thank the Legislature for your support over the past several years. You have been responsive to our advocacy in support of independent pharmacy and the New Yorkers that we serve. In 2022, you passed historic Pharmacy Benefits Manager (PBM) legislation, ensuring that New Yorkers have more transparency and control over their prescription drug benefits. Now, New York State is home to the only Pharmacy Benefits Bureau, which is a government agency specifically tasked with the duty to regulate PBMs. You also worked very hard to help shape a Medicaid pharmacy prescription drug benefit that works for all New Yorkers.

For the Fiscal Year 2027 State Budget, Governor Kathy Hochul has not proposed any substantive pharmacy-related policy items. However, for the record, PSSNY takes the following positions:

Health / Mental Hygiene Article VII

- **PSSNY supports the Executive's proposal to extend the sunset for a number of programs administered by the Department of Health.** The proposed extensions include:
 - Existing Medicaid Copay rates;
 - Authorization of the statewide formulary for certain drug classes;
 - Exemption from electronic prescribing for low volume prescribers;
 - Expanded health care testing access and provider practice flexibilities, including pharmacist-directed limited-service laboratories and non-patient-specific testing orders; and
 - The Collaborative Drug Therapy Management Demonstration Program.

The Legislature should extend these programs to ensure that the State's healthcare delivery infrastructure continues without disruption.

Transportation, Economic Development and Environmental Conservation Article VII
Subpart C: DFS Formulary Publication Language:

- **PSSNY Supports the proposal to require insurance plans to publish their formularies on the public-facing portion of their websites.**

United States Supreme Court Justice Louis Brandeis famously wrote, “Sunlight is the best disinfectant.” Applying this axiom to health insurance, and we adopt the common sense proposal that more public information about prescription drug coverage is in the public’s best interest. PSSNY supports this proposal as a way to empower New Yorkers when they select an insurance plan.

PSSNY Urges the Legislature to Include Critical Issues in the Final Enacted Budget

As indicated above, the Governor’s Executive Budget Proposal is absent meaningful Pharmacy reform. PSSNY STRONGLY urges the Legislature to include the following bills into the final enacted budget:

PSSNY Urges the Legislature to Include the Patient Access to Pharmacy Act (PAPA) - A5882 (McDonald) / S5939 (Skoufis) into the final enacted budget.

In 2022, the Legislature bravely enacted Medicaid fee for service. This policy change pushed pharmacy benefit managers (PBMs” out of the Medicaid program. Instead of middlemen reaping profit, the State now pays pharmacies a flat rate for each prescription. The PBMs launched a well-funded campaign of lies and half-truths to preserve status quo. Instead, after enacting fee for service, the State has saved \$600 million dollars. In other words, every point raised by PBMs to maintain their position in Medicaid was proven false. Since enacting fee for service, patients enjoy access to their medication, the State has saved hundreds of millions of dollars, and pharmacies were able to remain solvent.

Now, pharmacies want to incorporate the Medicaid reimbursement methodology into the commercial space. In other words, we are fighting for a commercial payment floor to ensure fair reimbursements. Again, PBMs are telling policymakers that such a payment floor will increase costs. But our experience in Medicaid informs us that increased costs will not happen. Rather, This legislation ensures fair reimbursement by requiring PBMs to pay pharmacies at least the Medicaid rate in commercial plans.

PBMs routinely reimburse pharmacies below the cost of dozens of commonly dispensed medications including inhalers, pain management medication, and antibiotics.

Bottom Line: PAPA stops PBM under-reimbursement, stabilizes pharmacies, and produces savings—without raising premiums.

Medicaid Rate Increase

New York's current professional dispensing fee is \$10.18 has not been raised since the FY 2018 State Budget. The current fee of \$10.18, is based on a 2016, cost-of-dispensing study, and as such, the 2026 rate is based on data that is a decade old! Unlike other medical professionals, pharmacy's rate was not adjusted to account for inflation and the State's minimum wage increase.

Using the U.S. Department of Labor's inflation calculator, \$10.18 in April 2018 is equal to \$13.17 today. **As such, PSSNY is requesting a cost-of-living adjustment to \$13.17.**

For the past several years, New York's pharmacies have absorbed the increased cost of living. As a result, hundreds of pharmacies of closed throughout the State. The most prominent example is Rite Aide's closure of 178 pharmacies throughout the State in 2025. Our very own PSSNY Legislative Chair was forced to close his two (2) independent pharmacies in the North Country last year, adding to the crisis of pharmacy deserts in Rural New York.

The bottom line is that the bottom line in pharmacy is not being met. In order to prevent another wave of closures, the State must increase the Medicaid reimbursement rate.

NYSHIP Reforms to Ensure Fair Reimbursement

The last outstanding issue that should be incorporated in the final enacted budget is reforms to the State employee insurance plan - NYSHIP. In that plan, prescription drug reimbursements routinely fall far below cost, especially on generic medications. This forces pharmacies to dispense essential medications at a loss, driving closures across the state.

Our Executive Director has heard from member pharmacists who report losing more than \$17.00 on each brand name drug dispensed to NYSHIP plan members. Ironically, despite the routine underpayment that pharmacies receive under NYSHIP, the Executive has included a 5.6% funding increase for NYSHIP in the Executive budget proposal. The funding request increase is justified by "high costs of prescription drugs." Clearly, since pharmacies have received a decrease from last fiscal year, the requested increase will do nothing more than fund PBM profits.

As a reminder, we must point out that pharmacists stepped up during COVID, and remained open when nearly every other healthcare provider closed. We conducted vaccination clinics throughout the City of New York, and in parking lots throughout Upstate and Rural New York. Our membership took personal risk to ensure that New Yorkers received lifesaving medications, immunizations, and PPE supplies. Now, these pharmacists are asking the Legislature to step up and fix this broken system that is seemingly intended to put independent pharmacies out of business.

Conclusion

Over the last decade, the State has begun to recognize the important role that pharmacies play in New Yorkers' lives. We are asking for your continued recognition and support. There is no doubt that multi-billion dollar corporate PBMs want to drive independent pharmacies out of existence. For the sake of the everyday New Yorker, we are calling on the Legislature to incorporate PAPA (A5882/S5939) into the final enacted budget; Increase the Medicaid professional dispensing fee to \$13.17, and fix NYSHIP's broken reimbursement methodology.

Respectfully Submitted,

Partiv Shah,
Independent Pharmacy Owner and President of PSSNY