



March 10, 2021

Dear Chairwoman Kahle and members of the committee,

I am a concerned pharmacist and president of an independent pharmacy with 27 employees. I have been advised by the National Community Pharmacists Association (NCPA) that pharmacists have been retaliated against after testifying against PBMs. This is of great concern to me. I have to put my patients and my employees first, so I have written this testimony anonymously. I would like to address some of the tactics PBMs use that not only hurt me as a pharmacist, but more importantly, my patients. These tactics include clawbacks, restricted networks, and audits.

In pharmacy a clawback is a retroactive fee that PBMs charge a pharmacy 6 to 9 months after a medication has been dispensed to a patient. There is no warning. The PBMs can take and will take the money whenever they please. Because these fees are retroactive and are tied to specific prescription that has been filled, there is no way for us to know if filling a prescription is profitable. By the time we determine the amount of the clawback for a specific prescription we may have filled that prescription several more times. In some cases we are not even able to discern which prescription a clawback is in reference to. This coupled with unfair reimbursements removes the ability to manage profitability of a store and puts pharmacies at risk of closing, hindering access to healthcare for our patients. The average clawback fee per pharmacy in Michigan is \$100,000 annually. As a small independent pharmacy, that is the cost of 3 employees who could be helping my patients. I am very pleased to hear that HB 4348 will address this practice and require the PBMs to report these unfair fees to the Department of Insurance and Financial Services.

The next tactic PBMs use involves their unfair and restricted networks. PBMs currently pick and choose which pharmacies are in their network and how those pharmacies will be reimbursed. They often reimburse their own pharmacies at a higher rate than other pharmacies that are considered “in-network”. MPA constantly hears stories of pharmacies that have treated patients for 25+ years and suddenly the PBM decides the pharmacies are no longer “in network,” requiring the patient to be transferred to a PBM-owned pharmacy that is sometimes 20 miles away from their home. I personally have had life-long customers in tears in my store because they are being forced to change pharmacies. I asked why my pharmacy was eliminated from the network and the only answer I got was that pharmacies were geographically eliminated. We were not eliminated by customer satisfaction or any kind of performance metric like EQuIPP Star Ratings. Despite multiple attempts to try and regain access to these closed networks, we have been denied. HB 4348 requires PBMs to allow patient choice. It allows the patient to choose where they want to be treated and by whom.

Finally, audits are one of the biggest concerns for pharmacists. They are time consuming, taking the pharmacist away from the pharmacy’s main function of helping our patients, and there seems to be no rhyme or reason behind them. Currently, a PBM can contact my pharmacy unannounced, demand that I hand over XX scripts within 72 hours and then tell me that I owe them money or am

in breach of my contract and will no longer be in their network. These audits on average cost Michigan pharmacies almost \$45,000 annually. That is the cost of an additional 1.5 employees. There is an appeal process but there never seems to be a resolution that doesn't benefit the PBM. These audits can go on for months and happen at the worst time. Right now, while our nation is in the middle of a pandemic, I am being audited. In fact, the number of audits in my business has increased since the beginning of the year. Pharmacies in West Virginia and Indiana are being audited for giving the COVID vaccine to patients, which is taking pharmacy professionals away from their jobs and prohibiting them from vaccinating as many people as possible. HB 4348 will change these audit practices and allow me and my staff to do our jobs and provide care for our patients.

I believe that House Bill 4348 is a positive move for independent pharmacies and Michiganders alike. This is a David vs Goliath situation, and Michigan's independent pharmacies need your help. Our ask is simple, we just want an even playing field where we can continue to provide patient care to the best of our abilities.

Signed,
A Concerned Pharmacist.