



**New Mexico
Pharmacists
Association**



NMPBC
NEW MEXICO PHARMACY
BUSINESS COUNCIL

New Mexico Pharmacists Association New Mexico Pharmacy Business Council

Presentation to Legislative Health & Human Services Committee

Thursday, August 9, 2018

Presenters

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Patient Access & Pharmacy Viability

Finding the balance in delivering quality healthcare to New Mexicans

Community pharmacies serve the medication and basic healthcare needs of New Mexicans statewide, providing vital vaccinations, life-saving drugs and healthcare advice. In many rural areas, pharmacists are often the only healthcare providers.

The impact of pharmacy benefit managers (PBMs) on New Mexico pharmacies has changed our patient-centered model through:

- Restricted networks that harm pharmacies and reduce patient access to care
- Inadequate reimbursements
- Control of drug formularies to maximize profit.

Patient Access

Finding the balance between patient pharmacy access & payer/insurer costs

Network Contracts

- Co-pay tiers as drivers to “preferred network pharmacies”
- Co-pay tiers to deter in-person 90-day prescription purchases.
- Communicating cash savings prohibitions

Mail Order

- Home delivery issues
- Auto-ship issues
- Weather issues
- Medication dosage modifications/change in therapy
- Communication issues

Formularies

- Changes in “preferred” plan medication list
- Higher co-pay tier medications
- Obtaining alternate prescriptions from physicians

Independent Community Pharmacy Viability

Finding the balance in marketplace competition

The Competition & Reimbursement Conundrum

4 PBMs control eligibility to serve the majority of patients through networks:

- CVS/Caremark - Express Scripts – OptumRx – Prime Therapeutics
- Each of these have their own mail order pharmacy program
- CVS/Caremark has its own retail pharmacies

PBMs compete with independent pharmacies in the marketplace at the same time they control pharmacies' reimbursements & access to networks:

- PBMs have the authority to direct patients to their own in-house pharmacies
- PBMs have the authority to decide pharmacy reimbursements
- PBMs have the authority to conduct pharmacy audits to recoup reimbursements

PBM Business Model

Finding the balance between “simplicity & transparency” and “complexity & manipulation”

Evolution from claims processor to impacting all aspects of the pharmacy benefit interactions

- Insurers/Payers
- Drug Manufacturers
- Drug Wholesalers
- Retail Pharmacy
- Insured New Mexicans

PBM “Spread Pricing” — Manipulating revenue streams

- Disparity between reimbursements to pharmacies & drug charges to insurer/payer
- Disparity in reimbursements to pharmacies & self-reimbursement for retail and mail order
- Pharmacy manufacturer rebate negotiations & formulary placement
- Patient co-pay incentives & prohibitions

Public Policy Priorities

Finding the balance between treating the symptoms & curing a sick system

Policymakers from the White House, Congress, State Legislatures and Courts are looking in all directions to find new paradigms for meeting our citizens' medication needs.

Reform Topics

Transparency

- Drug reimbursement pricing
- Reimbursement denials
- Additional reimbursement reductions

Audit Reform

- Disallowing auditors to be paid a percentage of recoupments
- Reducing audit window to < two years
- Refining eligibility of claim recoupment

Network Adequacy

- Patient Access
- PBM consolidation

Banning communications prohibitions

- Patient Bill of Rights
 - Informing pharmacy patients of lower cost options
- Resolving issues with regulators
- Issues engagement with policy makers

Conflicts of Interest

- Ownership structures
 - PBM owned pharmacies
 - PBM consolidation –mergers-
 - PBM mergers with insurance companies

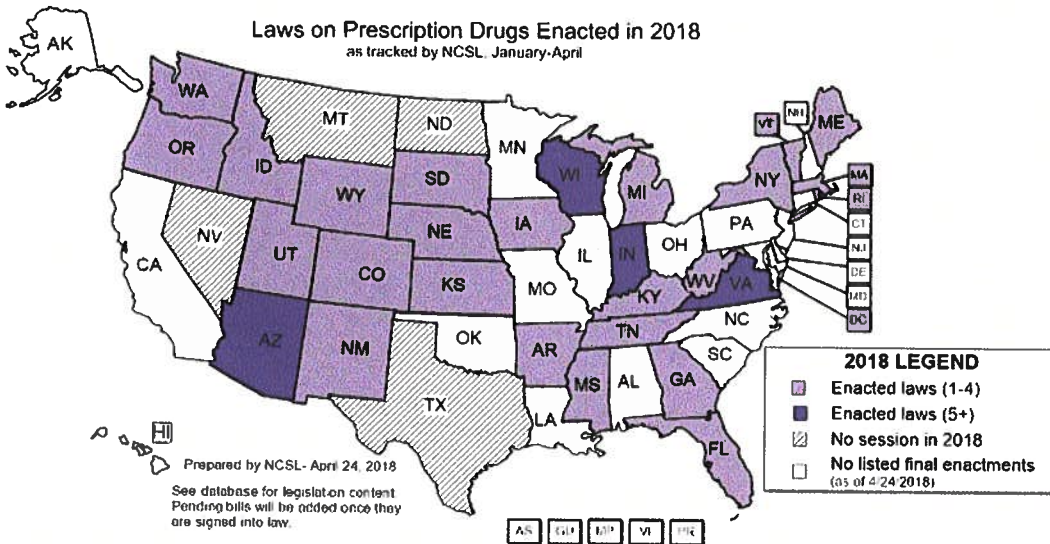
Mail Order

- Delivery safety
- Accountability for waste

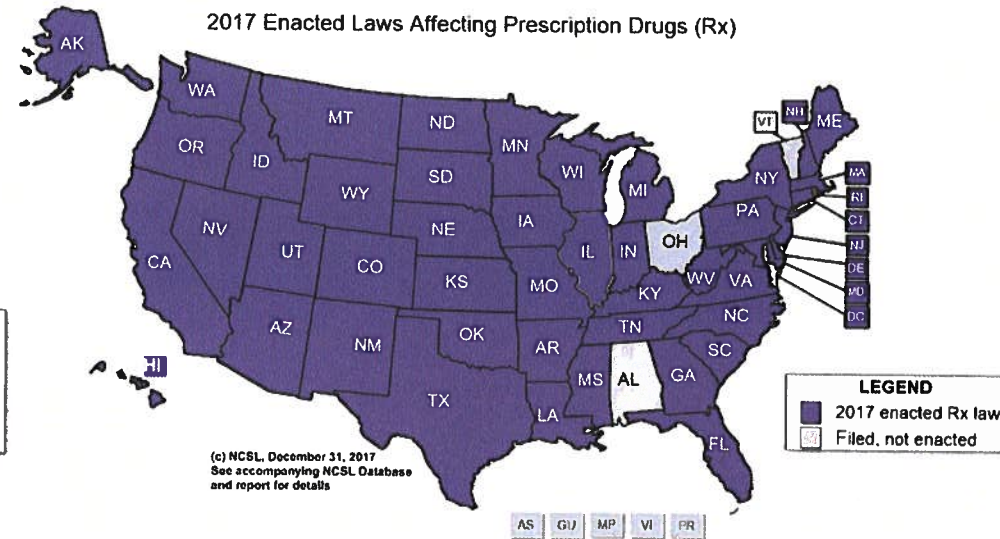
NATIONAL COUNCIL OF STATE LEGISLATORS

PRESCRIPTION DRUG LAW ENACTMENTS | 2015 - PRESENT

Laws on Prescription Drugs Enacted in 2018
as tracked by NCSL, January-April



2017 Enacted Laws Affecting Prescription Drugs (Rx)



ARCHIVE LEGISLATION:

- **2016:** more than 1,250 bills and resolutions filed, including new legislation and measures carried over from 2015. Of these, more than 220 laws have been signed in 44 states and D.C. Bills signed in December may be tagged as 2017.
- **2015 :** at least 1,210 bills and resolutions filed and listed across all 50 states, D.C. and Puerto Rico. 266 laws were signed or enacted in 48 states, D.C. and Puerto Rico; seven states also adopted non-statutory resolutions.

<http://www.ncsl.org/research/health/prescription-drug-statenet-database.aspx>

New Mexico's Independent Pharmacy View

Finding the balance between purpose and economics

- The New Mexico Pharmacists Association and the New Mexico Pharmacy Business Council believe that the way the current pharmacy benefit is being managed, financed and held accountable is not workable.
- We believe that making the current pharmacy reimbursement model fully transparent would prompt reforms leading to a more functional and sustainable system.
- The independent and chain pharmacies of New Mexico are weathering tremendous challenges while doing all in their power to care for their communities, provide jobs and contribute as taxpayers.
- On behalf of New Mexico's pharmacy community we respectfully request our legislature support policy infrastructure and efforts in retooling the pharmacy benefit into a viable, patient centered and economically feasible system.



Thank you!