
Ensuring patient access to quality pharmacy care services, the viability of community pharmacy and the pharmacy profession.

Keep Pharmacy Carved Out of Medicaid and Save \$248 million!

- ❖ **Current proposal to carve pharmacy into Medicaid managed care adds two for-profit middlemen (MCOs or HMOs & PBMs) and will cause a river of red ink, increase taxes to Texans, and increase the cost of health insurance.**
 - The current vendor drug program operates on an exceptional 1 percent administrative expense, among the best in the nation!
 - Rather than save the state money, MCOs or HMOs will have to add their subcontracted PBM's gross margin of 7 to 10 percent to Texas Medicaid's \$2.76 billion drug spend.
 - That is \$248 million in added costs versus the \$28 million (1 percent) we are currently spending.
 - The majority of projected savings or increased revenue to the state by the proposed pharmacy carve-in is coming from a premium tax (\$78.8 million) or \$39 million per year.
 - HMOs and MCOs will cost shift these taxes onto private third party commercial plans
 - Bottom line: Thousands of Texas businesses could see their health care costs skyrocket!

- ❖ **Focusing on generic savings has the potential to save Texas Medicaid \$300 million and eliminate the need for costly middlemen and additional taxes while maintaining control with maximum transparency.**
 - Texas Medicaid could save \$20 to \$25 million by increasing its generic dispensing rate (GDR) 1 percent. Texas GDR is 72 percent (27th in the nation).
 - State of Washington GDR is 87 percent. If Texas matches the state of Washington, Texas SAVES \$300 million per year.

- ❖ **Instead of surrendering control of the program to the most litigated and highest profit-margin vendors in health care, PBMs, Texas would be better served to improve its current program and work on areas where improvements can be made.**
 - Texas has a nationwide reputation for its aggressive ratcheting down of reimbursement for drug products which is 88 percent of the total drug spend.
 - Pharmacy reimbursement is only 12 percent of the total drug spend and all cuts proposed so far have been to pharmacy reimbursement.
 - It is obvious Texas needs to look at the drug product side of the total spend or the low hanging fruit of generics.
 - Many states are moving away from managed care and back toward the Texas model.
 - Ohio reclaimed control of their program last year from eight MCOs at a savings of \$243.6 million. Wisconsin did the same four years ago.

- ❖ **Community pharmacists are the most accessible health care providers in Texas and access to their services is vital to Medicaid patients. Additional significant savings in the Medicaid drug spend and in total Medicaid health care expenditures can be achieved by:**

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- Medication therapy management (MTM) services.
 - Medication adherence programs.
 - The Legislative Budget Board (LBB) recommended the state look at the value and savings from pharmacist's MTM services.
- ❖ **Vendor drug carve in to managed care will be like Medicare Part D on steroids! It will be the equivalent of moving the balance of community pharmacies' Medicaid patients to Medicare Part D.**
- Medicare Part D negatively impacted many pharmacies across Texas.
 - Some pharmacies closed and many more were forced into debt to pay their bills. Some had to lay off employees.
 - On average, independent community pharmacies employ 10 employees.