



March 13, 2024

[submitted electronically via: JVanOrden@Senate.Idaho.Gov]

The Honorable Julie VanOrden
Chair, Senate Health and Welfare Committee
Idaho State Senate
Room WW54, 700 West Jefferson Street
Boise, ID 83720

RE: HB596 – Pharmacy Benefit Managers – SUPPORT

Dear Chair VanOrden and members of the Senate Health and Welfare Committee:

The American Pharmacists Association (APhA) supports [House Bill \(HB\) 596](#), which will protect Idahoan patients' access to their medications and their trusted healthcare professional, the pharmacist.

As a result of the predatory practices of pharmacy benefit managers (PBMs), patients' access to medications from their local pharmacist across the country has declined¹, taxpayer dollars have been funneled into corporate profits², and generationally owned community pharmacies have been driven out of business³. Recently, a study found that PBM tactics forced Oregon Medicaid to overpay \$1.9M on a single drug, where PBMs marked up the drug by 800 percent.⁴ Appropriate government intervention is necessary to address the misaligned incentives in the PBM industry that prioritize profits over patients. HB 596 would address many of the underlying issues that result in harm to patients, taxpayers, and pharmacists.

HB 596 focuses on ensuring Idahoan's medications are more affordable by prohibiting spread pricing where PBMs overcharge the plan, chronically underpay the pharmacy, and keep the "spread." An Auditor report in Ohio found \$208 million in missing taxpayer dollars that PBMs had charged the state Medicaid Program.⁵ HB 596 aims to address similar egregious practices in Idaho that contribute to the unaffordability of patients' medications by increasing the transparency and oversight of PBMs.

¹ Rose J, Krishnamoorth R. Why your neighborhood community pharmacy may close. *The Hill*. Available at <https://thehill.com/blogs/congress-blog/healthcare/530477-why-your-neighborhood-community-pharmacy-may-close>

² 3 Axis Advisors. Analysis of PBM Spread Pricing in New York Medicaid Managed Care. Available at <http://www.ncpa.co/pdf/state-advoc/new-york-report.pdf>

³ Callahan C. Mom-and-pop pharmacies struggle to hang on. *Times Union*. Available at <https://www.timesunion.com/hudsonvalley/news/article/Mom-and-pop-pharmacies-struggle-to-hang-on-16187714.php>

⁴ <https://oregonpharmacy.org/2022/10/27/oregon-report/>

⁵ <https://ohioauditor.gov/news/pressreleases/details/5042>

An important focus of this legislation is on maintaining patient access to their lifesaving medications, moving to pass-through pricing models to ensure patient access to pharmacies, and preserving the pharmacist-patient relationship. This comes from the closing of loopholes that allow PBMs to under-reimburse pharmacy dispensing fees and leverage anti-competitive practices that coerce patients to fill their prescriptions at pharmacies affiliated with the PBM. This is important because reports have shown that a PBM sets the price of the same drug, strength, and quantity at over \$3,800 at a PBM-owned pharmacy but on average less than \$200 at a non-PBM-owned pharmacy.⁶

Combined, these measures will prohibit PBM actions that have undermined the pharmacy business model in Idaho and caused many small businesses, especially those in underserved communities to close, exacerbating pharmacy deserts already disproportionately affecting these neighborhoods. By addressing these discriminatory practices, pharmacies will be able to keep their doors open to continue to support patients' access to their medications and their trusted local pharmacist.

For these reasons, APhA supports HB 596 and respectfully requests your "AYE" vote. If you have any questions or require additional information, please don't hesitate to contact E. Michael Murphy, PharmD, MBA, APhA Advisor for State Government Affairs by email at mmurphy@aphanet.org.

Sincerely,



Michael Baxter
Vice President, Federal and State Legislative Affairs

cc: Senator Abby Lee
Senator Mark Harris
Senator Carl J. Bjerke
Senator Glenneda Zuiderveld
Senator Melissa Wintrow
Senator Ron C. Taylor
Secretary Lena Amoah
Senator Kevin Cook
Representative Jordan Redman

About APhA: APhA is the largest association of pharmacists in the United States advancing the entire pharmacy profession, including 1,580 licensed pharmacists in Idaho. APhA represents pharmacists in all practice settings, including community pharmacies, hospitals, long-term care facilities, specialty pharmacies, community health centers, physician offices, ambulatory clinics, managed care organizations, hospice settings, and government facilities. Our members strive to improve medication use, advance patient care and enhance public health. APhA represents pharmacists and students that practice in numerous settings and provide care to many of your constituents. As the voice of pharmacy, APhA leads the profession and equips members for their role as the medication expert in team-based, patient-centered

⁶ Pharmacy Benefit Management. Purchaser Business Group on Health. November 30, 2021.

care. APhA inspires, innovates, and creates opportunities for members and pharmacists worldwide to optimize medication use and health for all.