



Senate Committee on Public Health and Welfare
Testimony by the
Kansas Pharmacists Association
Submitted by Douglas L. Funk, RPh
President, Kansas Pharmacists Association
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Chairman Schmidt and Members of the Committee:

My name is Doug Funk, and I am a practicing pharmacist and owner of Funk Pharmacy located in Concordia, Kansas. I am also the 2012 President of the Kansas Pharmacists Association. The Kansas Pharmacists Association is the only statewide professional association in Kansas that represents all Kansas pharmacists from all practice settings. Thank you for allowing me to talk to you today about concerns with implementing managed-care Medicaid in Kansas.

As a pharmacist and small business owner in Kansas, I will offer you my perspective as a community pharmacist on our state moving the administration of the Kansas Medicaid program to for profit managed-care organizations (MCOs). I recognize the difficulty the administration and you as legislators have in balancing the well-being of Kansas' Medicaid population with the fiscal realities all of us must deal with in this economy, but I must admit considerable trepidation knowing that Medicaid may be run by MCO's.

Over the past 26 plus years I have built a pharmacy business. Concordia is the place where I've raised three children, a place where my roots are firmly planted. I have great interest in ensuring a vibrant economy in and around our town. I'm also very much concerned about my ability to maintain my business and ensure my employees have a paycheck every week. I used to employ 3 full time pharmacists and a resident pharmacist. Now, I have 2 full time pharmacists and a relief pharmacist one day per week.

When I first heard that Kansas was contemplating managed care organizations (MCO's) run the Kansas Medicaid program I was alarmed. Kansas currently has three configurations of managing Medicaid in Kansas. One configuration is a fee for service Medicaid program administered by the state of Kansas. The other two are managed-care organizations, Children's Mercy which is a healthcare network based in the Kansas City area and Unicare, a multiple-state managed-care organization. I recently performed an analysis of my pharmacy's Medicaid financial data for 2011. While fee for service Medicaid is not overly generous, my analysis shows me that the two managed-care companies that currently contract with Kansas pay on average between 19% and 52% below what fee-for-service Medicaid pays toward my gross margin. I ask myself daily, why is that? I think I know that the answer is profit for the MCO's. In far too many cases, my contact with patients is devoted to help the patient get a *medication covered to help the MCO do better, not necessarily help with the patient's health*. We spend so much time jumping through hoops that have been deliberately set up by managed-care providers so that we can collect pennies that we do not have the appropriate amount of time to do what we can do best, which is to counsel and evaluate the patient for the appropriate drug regimen. My colleagues and I have established personal relationships with the patients that give us a better chance of influencing them directly if given the opportunity. But the time we spend on payment procedures precludes that from happening.

There are many stories that I can relate to you that will help you to understand my deep frustration and skepticism about managed-care Medicaid, but I will tell you one that happened within the past three weeks. A patient came to me that had been on a retiree prescription plan, and it was decided that the retirees move to Medicare Part D. The company that had employed this patient contracted with a managed-care organization to help with this transition to Medicare Part D. As Part D has an online tool to assist patients in finding the most cost effective plans at my pharmacy, I offered to assist this patient input the data and found that the plan recommended by this managed-care organization was nearly \$1000 more expensive than other plans. My patient was able to get in contact with the representative from the managed care organization that helped her pick the plan. I was able to visit with the representative to discuss his recommendation. He stated that he does use their own software to help patients select, but that he double checks the Medicare.gov website to validate his selections and

recommendations. I told him that there were two plans that were clearly better for the patient than the one he picked from a financial point of view. He stated that he was required to recommend a company that his MCO employer had a relationship with.

There are many, many other reasons I am opposed to managed-care organizations running our Medicaid program. MCOs are notoriously slow when it comes to updating drug prices, only when it is in their favor. Many MCO's also have a mail order pharmacy component to them. Many pressure patients into using their in-house mail order pharmacy through a combination of monopolistic pricing schemes, high-pressure marketing tactics and artificial narrowing of choices by manipulating prices and out-of-pocket costs. This is especially detrimental to our patients in rural areas who, if they were obtaining prescriptions from their local pharmacy, would at least see the pharmacist on a regular basis. In many communities the pharmacist is the most accessible healthcare provider available.

Thank you very much for permitting me to provide testimony today. If I can clarify aspects of this testimony or answer any other questions for you, please let me know.

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