

Testimony in Support of HB 2598

Health Insurance Committee

Respectfully submitted: Sam H. Boyajian RPh

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Chairman Vickrey and Members of the Committee:

Thank you for giving me this opportunity to address a bill that affects the health and financial well-being of all Kansans.

I am the previous owner of Gardner Pharmacy. I am very familiar with the practices of Pharmacy Benefits Managers (PBMs), and the impact they have on our communities. The PBMs operate basically, in the shadows with little or no oversight. They control every aspect of your prescription processing from what pharmacy you can use, to what drug your doctor can prescribe, to what your copay will be, and more. The top 3 PBMs control approximately 80% of all prescriptions filled in this country. Unfortunately, for the consumer, they have expanded their control of the healthcare market by acquiring or merging with health insurance companies and pharmacy retailers. For example, CVS Health owns CVS Pharmacy, Caremark, and Aetna. OptumRx owns United Healthcare, and Express Scripts merged with Cigna.

Many people, in my experience, don't even understand who a PBM is or that it is a separate processor from their insurance company. Unfortunately, their ability to operate under this lack of transparency has led to egregious practices that have cost the healthcare system and ultimately, the consumer, billions of dollars. It is these egregious practices, due to that lack of oversight and transparency, that has forced many states to address these issues. For example, Ohio identified \$223.7 million in spread pricing practices in 2017. West Virginia took over the Medicaid program from their PBM and showed an actual savings of \$54.4 million to the state Medicaid program in the first year! Kentucky saved \$123.5 million in spread pricing savings to their Medicaid program and Michigan more than \$64 million from 2016-18. Spread pricing is the practice where the PBM pays the pharmacy one price, charges the plan sponsor (eg. Medicaid), another price, and pockets the difference.

Because there is no oversight or transparency, these PBMs operate with impunity, all at the expense of plan sponsors, pharmacies, and consumers. I can tell you frankly, that if it weren't for having to deal with the PBMs and their injurious, self-serving practices, I would most likely still be operating Gardner Pharmacy. Unfortunately, it got to the point where I could no longer tolerate dealing with their unfair reimbursements, patient abuses, punitive audits, retroactive fees, contract manipulations, and many other activities that I certainly have never heard of in other industries. This bill addresses those activities.

By making these multi-billion-dollar conglomerates answerable to our Insurance Commissioner, as this bill does, perhaps we can get a handle on the exorbitant costs these companies force on our Kansas consumers, our pharmacies, our Medicaid program, and our healthcare system in general. The only way that is possible is to pass a fair and comprehensive bill like HB 2598.

Respectfully Submitted,

Sam H. Boyajian RPh