

### **PCMA Opposes HB2817**

**The number of independent pharmacies in Texas grew 33.6% from 2010 to 2018. HB2817 inserts government mandates into private contracts negotiated by sophisticated parties and puts patient safety at risk.**

#### **HB2817 Puts Patient Safety At Risk**

- HB2817 prohibits specialty pharmacy accreditation, putting patient safety at risk and increasing costs for Texans. Implementing an “any willing specialty pharmacy” requirement is projected to increase drug costs for fully insured employers and commercial health plans by \$2.8 billion in the state over the next ten years.<sup>i</sup>
- This legislation will allow any pharmacy to serve as a specialty pharmacy in PBM networks without further accreditation. By not allowing PBMs to require any additional accreditation standards above state requirements for licensure, it is falsely being assumed that all pharmacies are capable of providing the same level of highly specialized care to consumers in Texas and can dispense clinically complex specialty drugs. This is not true. Not all pharmacies are qualified to offer the same services to consumers.
- **New research shows that only two percent of doctors (specialists) who work with specialty pharmacies believe that all drug stores “have the expertise and capability to provide the different types of specialty medications to patients.”<sup>ii</sup>**

#### **HB2817 Is A Protectionist Bill For Sophisticated Parties**

- Approximately 80% of independent pharmacies use the services of a Pharmacy Services Administrative Organization (PSAO) to negotiate their contracts with the PBM<sup>iii</sup>
- PSAOs are predominately owned and operated by massive American wholesalers such as McKesson, AmerisourceBergen, and Cardinal.
- PSAOs offer many services including access to pooled purchasing power, contract negotiations with PBMs, inventory and back office functions, drug inventory purchasing and advocacy.
- Between 2010 and 2018, the number of independent pharmacies in Texas grew from 1405 to 1877, an increase of 33.6%. Nationally, the number of independents grew 12% over the same period. During this same time, the number of chain retail pharmacies in Texas only grew by 13.4% and nationally fell by nearly 2%.<sup>iv</sup>

#### **HB2817 Impedes Performance Based Contracting**

- Performance based contracts are commonly used for all providers in all segments of the health care system. Pharmacies should be no different.
- Performance based contracts are negotiated and signed by pharmacies or their PSAOs.

<sup>i</sup> “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

<sup>ii</sup> North Star Opinion Research, <https://www.pcmamet.org/wp-content/uploads/2016/08/pr-dated-06-15-15-final-ny-specialty-pharmacy-summary-memo.pdf>.

<sup>iii</sup> GAO, “Prescription Drugs: The Number, Role and Ownership of Pharmacy Services Administrative Organizations,” January 2013

<sup>iv</sup> Quest Analytics analysis of NCPDP data, 2017.