

Senate Human Services Committee
HB 1032 – Madam Chair Judy Lee
3/16/2021 - 10:30 AM

Madam Chair and members of the committee, for the record, my name is Mike Schwab, Executive Vice President of the North Dakota Pharmacists Association. We are here in opposition to HB 1032.

To be honest with you, we find this bill interesting and well-intended. However, this bill is a beast and does very little (if anything) to lower prescription drug costs. I know there are a lot of individuals from the various industries that will testify to their specific section of the bill. We all want transparency, right? We want the same thing. However, it needs to be the right transparency and it needs to be meaningful transparency.

Again, HB 1032 is well-intended but does little to bring about meaningful transparency and actually lower costs to consumers. The bill does require a ton of data to be reported. However, the data is all reported in the aggregate which tells us little to all most nothing at the end of the day. The more important question we have is after we gather all of this information, what are we going to do with it? How can it be used or how will it be used? I am unsure if it can be used in a meaningful way to actual lower costs to consumers.

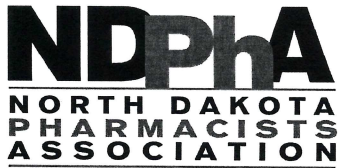
As far as pharmacy is concerned, the pharmacy benefit managers have pushed reimbursement so far down to the floor that our members are willing to show you whatever your heart desires. We are even willing to show you our entire PBM contracts, if the PBMs will allow us to do so without being sued or kicked out of their networks. Madam Chair and members of the committee pharmacy is tired of taking the blame of the high cost of prescription drugs when we have little to do with the actual cost of prescriptions. PBMs and others will tell you pharmacies get “rebates” from their wholesalers. The reality is pharmacies receive “volume discounts” from their wholesaler based off purchases. These fluctuate month-to-month, are dependent on patient volume as well as which prescriptions practitioners

prescribe. These volume discounts are not guaranteed on a month-to-month basis either. Even if you factor in the volume discounts (which pharmacies are not guaranteed), pharmacies still lose money filling prescriptions for certain PBMs.

In full transparency (no pun intended), the main reason we are opposed to this bill is because “pharmacy” is going to end up paying for the costs associated with implementing this bill which we wholeheartedly oppose. Let me explain, further. This bill falls in the lap of the ND Board of Pharmacy which regulates and licenses pharmacies, pharmacists and pharmacy wholesalers for example. It is our understanding the ND Board of Pharmacy will need at least one if not two employees to comply with the bill if it were to become law. In addition, the ND Board of Pharmacy will also need a significant data base upgrade which will cost six figures, plus ongoing annual costs. The ND Board of Pharmacy does not receive any state general funds. They are funded through licensing fees mainly from drug wholesalers, pharmacies, and pharmacists. Guess whose fees are going to up and go up significantly to pay for the implementation of this bill? If you guessed the profession of pharmacy, you would be correct.

There is already a Senate bill over in the House that requires drug wholesaler fees to increase to help pay for the implementation of that bill. That only puts even more pressure on pharmacists and pharmacies to pay even more in fees for the implementation of this bill. Our members have been reaching out to our office asking “why is the profession of pharmacy having to pay for the implementation of a bill that touches on so many more industry players and players that have way more to do with the actual cost of prescriptions than we do? I have struggled to answer their questions.

In an effort, to wrap my comments up, we support transparency, but it needs to be meaningful transparency and transparency that lowers costs for consumers. Again, we mainly oppose this bill because the profession of pharmacy is going to have to pay to implement this legislation. You have other large industry players mentioned in the bill that not only can actually do something about the high cost of prescription drugs but have the means to pay for the implementation of legislation such as HB 1032.



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I would be happy to try and answer any questions you might have for me today. Thank you for your time and attention.

Respectfully,

A handwritten signature in black ink that reads "Mike". The signature is written in a cursive, flowing style.

Mike Schwab
EVP - NDPhA