

Shane Wendel Pharm.D.
Seaburg Drug
4 8th St N
New Rockford, ND 58356

8-21-08

I want to thank Chairman Berg, and other committee members for allowing me to speak today regarding the pharmacy ownership law. I practice in New Rockford and Carrington and have a junior partnership agreement to be completed in January 2009. I would like to discuss the negative economic impact and the decrease of rural healthcare access that would result if the current law reverses.

I want to make a few points about what publicly traded companies will do to rural North Dakota pharmacy.

Our store currently operates at about a 3 % net margin. I will need a 3% net margin to cash flow the store when I assume ownership. The survival of the New Rockford drug store depends on the margins that it has today. Allowing publicly traded companies into North Dakota pharmacy will drive down the margins in the entire state including the rural areas. Many rural pharmacies will close their doors or not be bought by the next generation of pharmacists for lack of sustainability. I also have a partner in Hillsboro. He is about 8 years younger than I am and is taking an ownership stake in his community as a healthcare leader. A negative net margin will stop any future young pharmacist from starting in rural communities like Hillsboro. No publicly traded company will want a small market. Nor will a hospital open clinic pharmacies in small communities. Recently, Altru clinic opened in New Rockford to expand service and pulled out in 1 year. Only pharmacists that have a vested community ownership will stick it out long term. Six weekends in a row or 20 days without a day off are not uncommon in rural pharmacy. A pharmacist without ownership is surely not the long term solution these communities can rely on.

No publicly traded company will take a true stake of ownership in these small communities or large cities. Patient care is not the center focus of public traded pharmacies. It is profits for shareholders. I worked at Target pharmacy for the first 2 years of my professional career. I quickly learned that the high volume, low margin, get them in and out as fast as possible, not addressing patient care. I moved back to North Dakota and found an environment rich in putting the patient first and not about making myself and shareholders as much money as possible. I took a pay cut and I will never make as much salary as a Target pharmacist. I have something much better. I have control of patient care and an ownership in my pharmacy, my community and my pharmacy profession in North Dakota. No neighboring states can match our number of pharmacies, or pharmacists per 100,000 people. We lead these statistics because of our ownership law. Our staff in New Rockford can save more for our patients than \$4 generics on 3% of my volume (assuming 90% is insurance, and 33% of cash Rx's are on the \$4 list). Our generic utilization rates are about 70%. This high number is not by accident but by providing pharmaceutical care with relation to cost (pharmacoeconomics). We work with our doctors and patients to find a comparable generic substitution that saves our patients about \$70 a month. We do not fill \$4 generics. Our minimum charge on a month supply for a generic drug is \$8. I must charge this to keep my doors open. I can offer and save our patients so much more. I can make more money by filling a \$100 brand name drug vs. a \$20 generic drug. Why do I continue to work with our local doctors and patients to lower drug costs with increasing generic utilization? Ownership.

Lower margins will decrease the number of pharmacies that can survive in rural North Dakota. A change in the ownership law will eliminate the smallest community pharmacies first. These communities need this healthcare center the most. The most accessible healthcare professional in many rural areas is the pharmacist. The arguments for this law change focus only on our largest cities. We must not turn our backs on most of North Dakota. The small towns have greatly benefited from the protection this law has provided for over 40 years. I ask this committee to continue to allow North Dakota to be a leader and innovator in providing access to quality needed pharmaceutical care in our communities. We are the lowest cost option.