

Interim Industry, Business, and Labor Committee

Interim Study Regarding HB 1299

Chairman – Rep. Rick Berg

Hearing – August 21, 2008

Chairman Berg and Members of the Committee, my name is Daniel M. Churchill. I am a pharmacist from Bismarck and I would like to present you with a clear and concise view of how the ND Pharmacy ownership statute helps to reduce costs, expand access and choice, and most importantly improve the health and well being of the citizens of North Dakota.

I come from a long line of pharmacists and going back through my parents James and Patricia Churchill, and my Grandfather James W. Moore, we have been providing pharmacy services to the citizens of the state since 1941. We have shown an unyielding commitment to our profession, our family, our community, and our patients for decades. 11 months ago I left a good job as a staff pharmacist to purchase an independent pharmacy practice of my own. I did this knowing what a tremendous risk I was taking in this day and age of skyrocketing health care costs and declining reimbursements for providers. But I weighed the risks and benefits and I decided to commit myself to this tremendous undertaking. I didn't do this for any financial gain (I took about a 50% pay cut and invested just about my entire life savings), and I have put my family with my wife and 4 small children in a much more precarious financial position. The reason why I have done this is that I want to enjoy the full potential of my profession. I wanted expand the role of the pharmacist on the health care team and be able to help patients in innovative ways that can improve services, cut overall health care costs, and most importantly improve the patient's health and well being. This is a major part of the duty of a pharmacist and the ownership law in its current form encourages me to do practice in these innovative ways.

By ensuring that pharmacists can operate community pharmacies as health care establishments and not prescription mills and commodities brokers the ownership law has allowed North Dakota pharmacists to implement cutting edge, revolutionary services that have never before been offered on this scale. The diabetes disease state management program that is now being provided by pharmacists is a real health care service designed to improve patient health and reduce the long term costs associated with the epidemic of diabetes. Medication Therapy Management, brought to us by Medicare Part D, allows the pharmacist to have in depth counseling sessions with patients to make sure that they understand what the drugs are for, how to properly use them, and to ensure that they are receiving the most appropriate medications from a therapeutic and economic standpoint. North Dakota ranked #1 in the nation in percentage of MTM cases completed in 2007. Programs like these are bringing groundbreaking changes to the delivery of health care in this country and are part of the solution in dealing with the health care crisis we currently face. And this is only the beginning, through the network we have set up we can grow the Disease management aspect of our profession and make a tremendous impact on the overall health care system.

Beyond the aforementioned programs the independent pharmacists of the state tend to build strong relationships with many of their patients that result in the patient having more in depth counseling on their medications which in turn leads better therapeutic outcomes while minimizing adverse reactions and encouraging substitutions to more economically appropriate drugs. On a daily basis the informed, involved independent community pharmacist can identify expensive, unnecessary branded drugs and have them switched to generics, with patient and prescriber consent, which save the patient and the entire health care system substantial amounts of money. The patient who doesn't have an involved pharmacist may simply pay the higher cost, have their insurer incur a higher cost, and not receive any additional benefit from the drug. Or even worse they may choose to not treat the condition at all and end up damaging their health and causing an even greater financial expense in the future. I am on the front lines, these are the things we do everyday to reduce costs. Think about 1 patient that switches from an antacid that costs \$170 month to one that costs \$20. That is a \$150 dollar per month savings, over the course of a year that saves the entire health care system \$1800, for 1 Rx for 1 patient. Does this happen at a chain or big box prescription mill that is using the pharmacy as a loss leader? How can it when the pharmacist is trying to fill 1000 Rx's a day and has no time for patient interaction. And why would the chain or big box even be motivated to encourage this type of switch when they would see a larger profit from the \$170 brand name Rx than the loss leader generic? Speaking of loss leader generics. What savings are the patients and health system seeing if there is a \$1 or \$2 saving on a generic but the \$170 brand drug isn't substituted. This is potentially a huge missed savings opportunity.

Through these efforts the independent pharmacists of North Dakota are saving substantial sums of money for their patients, insurers, governments, and the entire health care system.

The North Dakota Pharmacy ownership law has proven the test of time to increase access and choice for the citizens of North Dakota. Previous testimony has stated that North Dakota has a higher per capita pharmacy rate than the surrounding states that do not have ownership laws. Quite frankly the way the law reads anyone can open a pharmacy. Any chain, big box, hospital, clinic, or any other interested party can own up to 49% of a pharmacy. They just have to make sure a pharmacist, or pharmacists, own 51%. Now if they were truly interested in access and choice they could make this happen. It would be a great deal for them. The 51% pharmacist owners would make sure the pharmacy was run appropriately, they would have skin in the game, and the big chain could collect 49% of the profit at the end of the day. But the fact of the matter is they don't want to take 49% of the profits back home to Arkansas, Chicago, Boston, or wherever they may be from, they want 100%. They are not interested in the health and well being of the citizens of North Dakota in the slightest, they are only interested in the money that can be siphoned from the state. Their unwillingness to open pharmacies in the state of North Dakota in a manner that respects the laws of North Dakota is evidence of that. The independent pharmacy owners of North Dakota have made a tremendous commitment to their communities. They have invested themselves into their practices financially and professionally. The dollars spent at these pharmacies stay here in North Dakota. By maintaining the ownership law we are helping to keep those dollars circulating through our local economies, providing good paying jobs, and supporting the families that make North Dakota, in my opinion, the greatest place on earth to live.

Some people say the law, written 'way back' in the 1960's, is outdated. I would submit that there are several "old" laws, dating back to say the 1770's, that are still very relevant in today's day and age. I would also submit that certain laws make great "common sense" and a law that promotes the health and well being of the citizens from both a physical standpoint but also an economic standpoint makes great "common sense".

Anecdotal reports of price shopping certain drugs are interesting at best. The proof about Rx pricing is in the studies that have been presented earlier. North Dakota has the LOWEST prices on prescription drugs in the nation on several measures. This takes into account the total drug spend, not just 1 or 2 drugs that happen to be lower at one store or another. Not to mention that 95% of prescriptions are priced by insurance calculations anyway. You can call around from pharmacy to pharmacy until you have a blue light special in your face or you can just look at the study numbers and only then will you see the forest through the trees.

The independent pharmacists of North Dakota are providing innovative, cost saving, and health improving services to the citizens of North Dakota and are now in the early stages of enacting dramatic changes that are revolutionizing to the profession, allowing it to impact the overall health and well being of the citizens of North Dakota and the health system in a positive manner. We are providing real services, real solutions, and real care. The ownership law in its current form is a primary reason for this health care revolution that is taking place. Now is the time to reiterate our state's support for this law. Show the rest of the country that we are doing things differently here, it's working, and we're proud of it. In my estimation the debate comes down to asking ourselves a few questions. Do we as a state want to encourage gimmicks and corporate marketing ploys to try improve our health care system? Or do we want to encourage trained professionals to use their education and knowledge to innovate our health care system for the common good. I think the evidence is clear that the ND pharmacy ownership law encourages this innovation and thereby improves access and choice, reduces health care costs, and ensures that the citizens of North Dakota receive the highest quality of care from their pharmacists.

Thank you for your time and consideration today. I would be happy to try to answer any questions you may have.

Respectfully submitted

Daniel M. Churchill, Pharm.D., R.Ph.