

Pharmacy Services Administrative Organization (PSAO) Coalition
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March 15, 2021

Chair Judy Lee
Senate Human Services Committee
North Dakota Senate

Re: Comments HB 1032 – Prescription Drug Cost Transparency

Dear Chair Lee-

I am writing on behalf of the PSAO (Pharmacy Services Administrative Organization) Coalition to provide comments on HB1032 – Prescription Drug Cost Transparency.

PSAOs are optional service organizations that stand in the shoes of local pharmacies in their interactions with pharmacy benefits managers (PBMs). This includes working through disputes with PBMs, appealing low reimbursement claims from PBMs, helping to centralize and speed up payment from the PBMs, and executing contracts with PBMs. In short, the PSAOs serve as a back-office staff of the pharmacy to deal with the daily challenges pharmacies face when dealing with the PBMs. The PSAOs charge the pharmacies a transparent, flat monthly fee for providing their service.

The PSAO Coalition is comprised of Elevate (AmerisourceBergen), LeaderNET (Cardinal Health), and HealthMart Atlas (McKesson) PSAOs that collectively represent approximately 17,000 of the nation's 22,000 independent pharmacies, including some locally-owned regional chain pharmacies. Collectively, the three largest PSAOs only represent 13 percent of the current prescription volume filled in the U.S. This relatively small concentration does not provide any meaningful marketplace leverage when executing contracts with PBMs on behalf of their pharmacies.

Our coalition believes that prescription drug cost transparency is vital to controlling healthcare costs. We believe that the original, unamended version of HB1032 was a reasonable bill that focused its legislative attention on the PBMs and the health insurers, which are collectively the entities that control every aspect of where and how dollars are spent on prescription medications.

The amended bill, however, broadened the disclosure requirements to include entities that do not have any direct impact on prescription drug expenses, such as the PSAOs. If such a requirement was put into place, it would cause unnecessary reporting that would increase

administrative costs to the state, increase operating costs of the PSAOs, and produce no results in addressing the underlying costs of prescription medications.

We are not in support of the amended version of HB1032 and we respectfully request that the committee consider returning back to the original, unamended version of HB1032.

Respectfully submitted,

A handwritten signature in black ink that reads "Scott Pace". The signature is fluid and cursive, with the first name "Scott" and last name "Pace" clearly legible.

Scott Pace, Pharm.D., J.D.

Chair

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