



Interim Health Care Reform Review Committee

Hearing - Wednesday May 14, 2014

Roughrider Room, State Capitol

Chairman, Rep. George Keiser

Chairman Keiser and members of the committee, for the record, my name is Mike Schwab, Executive Vice President of the North Dakota Pharmacists Association. I am here today on behalf of our members to discuss ND Medicaid Expansion and how the prescription benefit is being administered by Express Scripts on behalf of Sanford Health. For those of you who are not familiar with Express Scripts (ESI), ESI is currently the world's largest Pharmacy Benefits Manager or PBM. ESI operates over 50% of the mail order pharmacy market and roughly 60% of the specialty pharmacy market which is the fastest growing and most lucrative area of pharmacy right now. Almost 1.3 scripts out of every 3 scripts in this country are processed by ESI.

The ND Pharmacists Association and our members supported the Governor's office, the Department of Human Services and our legislature in expanding Medicaid this past legislative session. If we had known it would be administered in an unfair and unreasonable manner to many of our provider members, we would have adamantly opposed Medicaid Expansion. Since the program was rolled out, our office has been contacted by over 30+ pharmacies expressing their concerns and the affect Medicaid Expansion is having or potentially could have on their business. Our provider members have expressed multiple frustrations from the lack of contract negotiations with take-it-or-leave-it contracts, being automatically rolled into a network not knowing it was going to be used to serve Medicaid Expansion patients in ND until claims were adjudicated, to not even being offered a contract to participate in serving Medicaid Expansion patients, to being offered reimbursement that doesn't even cover the cost of doing business.

It is also our understanding that ESI does not have a formal process established to allow a pharmacy the opportunity to opt-out of serving Medicaid Expansion patients unless they drop their existing ESI contracts. If this is true, it should be addressed immediately. If a pharmacy does not want to serve or participate in Medicaid Expansion or any patient covered pool for that matter, they should have the option of opting out without having to drop existing contracts or having other possible tying stipulations.

We are not sure what can be done at this point other than to provide advocacy and education to this committee regarding our experiences with how the prescription drug benefit design is being administered by ESI. It is also frustrating that a tax funded program is being administered in this manner.

Ideally, we would like to see a set "fee schedule" with one set of terms and conditions for providers of Medicaid Expansion. It could be similar to how ND Medicaid and WSI currently operate as an example. In addition, collective reimbursement needs to be fair and reasonable at least covering the cost of dispensing for provider pharmacies. Last, pharmacies should have the ability and avenue to easily opt-out of serving Medicaid Expansion patients if that is a business decision they want to make.

I would be happy to try and answer any questions members of this committee might have for me. Thank you for your time and attention to this important matter.

Respectfully,

A handwritten signature in cursive script that reads "Mike Schwab". The signature is written in black ink and is positioned above the printed name.

Michael D. Schwab

EVP - NDPhA