

Interim Health Care Reform Review Committee
Hearing Wednesday May 14th, 2014
Roughrider Room, State Capitol
Chairman, Rep. George Keiser

Chairman Keiser and Members of the Committee, for the record, my name is Steve Boehning R.Ph. and I am Executive Secretary of Linson Pharmacy in Fargo, N.D. I am the current President of the North Dakota Pharmacists Association. I was asked to share some of my experiences with Express-Scripts (ESI) and Medicaid Expansion in N.D.

When Medicaid Expansion was rolled out through Sanford and pharmacy benefits managed by ESI, I was under the assumption that the pharmacy contracted rate would be the same as the Sanford Health commercial benefit handled by ESI. It appears that my assumption was incorrect. The Medicaid Expansion contract is significantly lower than the commercial Sanford rate and under a different contracted network. I was never contacted by either Sanford Health or ESI about which contract network Medicaid Expansion would be under nor was I offered the opportunity to accept/decline or negotiate these rates.

Upon realizing that claims were paying at a much lower rate, I contacted ESI about some claim issues I was questioning and if there was an opportunity to negotiate contract terms under the Medicaid Expansion contract for N.D. The response I received back from ESI was, "At this time, I do not have alternate rates to offer." After receiving this response, I reached out to ESI to see if I have the option of not accepting the rates offered for Medicaid Expansion only under the national network contract terms. To date, I have not received a response back.

ESI contract terms are very low for Medicaid Expansion. Due to contract language, ESI will not allow me to discuss the specific contract rates, but they are lowest I have seen. The national average for cost of dispensing is approximately \$12.00 (this is according to the National Association of Chain Drug Stores and the National Community Pharmacists Association). The current contract is significantly below this. Due to contract terms, I unfortunately cannot give you specific examples but the payment rates are very very low.

Linson Pharmacy also provides prescription services to Long-Term Care (LTC) facilities.

This requires special packaging, delivery, extra inventory, 24 hour on-call service, and many more labor intensive services. For this reason, the Centers for Medicare Services (CMS), encourages Medicare Part D plans to negotiate a higher dispensing fee for LTC patients. ESI is not offering this and has stated they will not negotiate contract terms. I have a number of claims paying so low that it does not even cover the cost of the packaging alone. I expect that Medicaid Expansion will cover a number of patients that will be in skilled nursing facilities. I am not sure how pharmacy can be expected to provide these services at the current rate of reimbursement.

The rates being offered by ESI for Medicaid Expansion are extremely low and unsustainable. I have attempted to negotiate these rates but have been told this is not an option. This is a take it or leave offer. At this time, I am unsure if I will be allowed to drop my contract for Medicaid Expansion with ESI without them requiring me to drop all contracts within that network. I am not sure what can be done about this but wanted to share some of my experiences with the committee. I thank you for your time and would be happy to answer any questions you might have.

Respectfully,

Steve Boehning R.Ph., Executive Secretary
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