

# Talking Points for March 3 Lobby Day

## Introduction:

- State your name, the name/location of your independently owned pharmacy/pharmacies, and that you are a member of the NYCPS/PSSNY;
- Also, provide the approximate number of patients that you serve and if you provide specialized services, including non-english language assistance;

## Issues:

- New York once had the ‘premier’ system for delivering prescription drugs to Medicaid consumers. Years of budget cuts have eroded this system;
- Pharmacies have endured Medicaid reimbursement cuts for 12 out of the last 14 years;
- New York pharmacies have not received an increase in Medicaid reimbursement since 1976;
- New York reimbursement to pharmacies is now the lowest in the nation;
- Last year’s cut of \$100 million (state/federal) was the largest in our history;
- For the first time, independent pharmacies are having difficulty paying their wholesalers;
- Independent pharmacies utilize a different business model than chains/grocery stores/big box stores, and are disproportionately affected by these cuts:
  - Prescriptions account for nearly 93% of independent pharmacies' revenue;
  - In other outlets, like supermarket and "big-box" stores, pharmacy Rx revenue represent as little as 6.2 % of revenue;
  - Even in the standard chain pharmacies, Rx revenues make up less than 72% of total revenue;
- As a result, New York is witnessing a net reduction in its number of pharmacies. A majority of these closures are independents. Chain pharmacies are struggling, as well.
- In addition to closures, independent pharmacies are laying off staff, cutting hours and reducing services.
- We understand that these are difficult times and that there must be shared sacrifice. However, we also firmly believe that a healthy pharmacy system saves dollars through better disease management, particularly chronic disease management. This results in less ‘emergency’ care and fewer hospitalizations.

## Our Ask:

- Bring reimbursement for *independent pharmacies* back to the 2007 level, or AWP -14%.
- Increase the dispensing fee in Medicaid and EPIC to \$7.25 for brand and generic drugs and \$8.00 for dispensing in long term care and other specialized settings.\*\* The dispensing fee paid to pharmacies has not kept pace with the actual cost of dispensing, which is approximately \$12.10 per prescription. For independent pharmacies, the cost of dispensing includes services such as free delivery, specialty packaging/compounding and medication compliance. Oftentimes, the cost of delivery alone far outweighs the average dispensing cost. Medicaid patients are not required to pay co-pays; pharmacies collect them only 20% of the time. Whether or not the recipient pays the co-pay, *it is automatically subtracted from all prescription reimbursements.*

\*\* The dispensing fee is currently \$3.50 for brands and \$4.50 for generics. Other specialized settings include intermediate care, assisted living and developmentally disabled settings.