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SURVEY: 61 PERCENT OF FLORIDA INDEPENDENT PHARMACIES PLAN TO DISCONTINUE MEDICAID IF BELOW-COST REIMBURSEMENTS CONTINUE

93 Percent Have Had to Turn Away Patients Because Pharmacies Lost Money on Prescriptions

TALLAHASSEE, FL (June 1, 2020) -- A new survey conducted during the COVID-19 pandemic among Florida independent pharmacies shows the drastic effect the state's Medicaid managed care organization (MCO) model has had on neighborhood pharmacies. Of the 123 pharmacies surveyed, 98 percent are Medicaid providers.

Among [the survey](#) results:

- Over 60 percent said they may be forced to discontinue taking Medicaid patients if changes are not made to the program that currently requires neighborhood pharmacies to sell most prescription drugs at a loss; **84 percent reported “drastically cut” reimbursements as the reason for withdrawing from the Medicaid program.**
- Ignoring Governor DeSantis' executive order which explicitly allows patients to fill prescriptions early - as does state statute s. 252.358,FS - pharmacy benefit managers (PBMs) denied authorization to 61 percent of respondents for 90-day supply pre-fill and/or fill for Medicaid patients during the COVID-19 crisis.
- Nearly two-thirds reported being the only area pharmacy with a needed medication but unable to provide because they were not included in the specific Medicaid MCO network; as a result 43 percent reported the patient having an adverse result which sometimes included hospitalization.
- 93 percent reported having to turn away at least one Medicaid patient per month because filling the prescription would have caused the pharmacy to lose money, while almost one-third reported turning 10 or more patients away per month for the same reason.
- Patient prescriptions most likely to be reimbursed below cost were for patients suffering from diabetes, mental health, HIV and pediatric conditions. These drugs tend to be specialized and more expensive, creating a greater financial hardship on neighborhood pharmacies that dispense them at a loss.
- Almost every pharmacy offers personalized home delivery for patients, with 95 percent reporting a dramatic increase in the number of deliveries due to COVID-19 and 88 percent reporting additional unreimbursed overhead and delivery costs.

Small Businesses Aligned for Pharmacy Reform (SPAR) and Pharmacists United for Truth and Transparency (PUTT) conducted the survey following a call between independent pharmacy owners and Mary Mayhew, Secretary of the Florida Agency for Healthcare Administration (AHCA). During the call



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Sec. Mayhew and staff expressed a desire for data specific to the concerns expressed by the neighborhood pharmacists.

Survey respondents were 123 pharmacy owners, representing a variety of pharmacies from new, single-store enterprises to older, multi-store operations, with the oldest participating pharmacy in business 91 years.

“With nearly 1 in 5 Florida residents covered by Medicaid, we believe Sec. Mayhew and AHCA will be shocked to learn that the drug middlemen are deliberately ignoring the Governor’s emergency order on pre-filling prescriptions during the COVID-19 crisis. They require neighborhood pharmacies to sell prescription drugs at a loss, and won’t allow neighborhood pharmacies to provide patients with needed prescriptions because they’re not in the specific Medicaid MCO plan,” said Alex Herwig, SPAR president and an independent pharmacy owner.

"Our state's independent pharmacies have been struggling immensely, and this survey reflects critical changes needed to keep them in business. When their reimbursement rates continue to drop, we see the adverse effect on both the pharmacy, and in some cases the patient, not being able to acquire their medically necessary prescriptions, which has resulted in hospitalizations, “ said Sen. Tom Wright (R-Port Orange), who is also chair of the Senate Military and Veterans’ Affairs & Space Committee. “There are serious changes needed to support our pharmacies serving some of Florida's most vulnerable populations. Without change we run the risk of losing small businesses that have historically been keeping Floridians healthy for years."

Florida uses both a managed care and “fee for service” model for reimbursing pharmacies that dispense medications to Medicaid beneficiaries. Under “fee for service” pharmacies are reimbursed for the acquisition cost of the medication and paid a fee to cover the associated costs of dispensing, including the medication packing, label and patient counsel time.

Under the managed care model, the pharmacy is reimbursed on a pre-contracted, non-reference based “maximum allowable cost” (MAC) rate to cover both the medication and costs associated with dispensing. PBMs do not disclose how MAC is determined, but with many MAC rates falling below drugs’ wholesale acquisition cost, neighborhood pharmacies must subsume the cost of the patient’s prescription. Most pharmacies not owned by or affiliated with PBMs cannot afford to repeatedly lose money on the drug, labor and materials needed to dispense prescription medication.

“I am concerned that more than half of the neighborhood pharmacies in Florida may be forced to stop filling Medicaid prescriptions for our most needy and vulnerable population. Especially during this COVID-19 crisis we need to ensure that patient access to their prescriptions is the paramount priority. This further demonstrates the need for vigorous oversight of PBMs and Managed Care Organizations by AHCA,” said Rep. Jackie Toledo (R-Tampa).

Said Sen. Doug Broxon (R-Pensacola) “As we continue to deal with this unprecedented COVID-19 pandemic, it’s important to remember that AHCA and the state’s responsibility for Medicaid patients is to ensure that they have access to their prescription drugs. In my district, which has a significant rural population, this is even more important. Citizens deserve and need the personal care that neighborhood pharmacies provide.”



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“The drug pricing model in a state-funded health plan needs to be transparent with rigorous oversight. Managed care can be non-transparent and deceptive, fooling taxpayers and consumers into thinking their medicine costs have somehow been contained, or ‘managed’,” said Monique Whitney, PUTT Executive Director. “Managed care depends on opacity and secrecy, which the drug middlemen re-frame as ‘proprietary’ information. Most states have enacted some kind of legislation to control drug middlemen but Florida has not. This survey shows PBMs and MCOs are not obeying the law, are reducing patient access and are forcing neighborhood pharmacies to lose money so they can maximize their record-breaking profits during a public health crisis. Because of that, taxpayers, consumers, and the State of Florida’s Medicaid program are being gamed on pharmacy benefits while the neighborhood pharmacies aren’t being paid enough to sustain operations or allowed to join all available networks.”

The 50-question survey covered topics related to Florida Medicaid managed care reimbursements. Respondents were asked to describe the percentage of their business dedicated to Medicaid; average profit margin; estimated back-end and transaction fees (fees PBMs charge pharmacies to submit claims for reimbursement, appeal claims and other costs of business assigned by the PBM); effect on patients and on the future of their pharmacies.

Copies of the survey results can be found at [TruthRx.org/publications](https://truthrx.org/publications).

Pharmacists United for Truth and Transparency (PUTT) monitors PBM and other industry practices in the interest of improving the quality, safety, and cost of patient care. To learn more about PUTT, visit [TruthRx.org](https://truthrx.org).

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