

**Testimony for  
Joint Legislative Hearing on  
Health/Medicaid Budget**

**Hearing Room B  
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Honorable Chairmen DeFrancisco Hannon, Farrell and Gottfried and Members of the Panel, on behalf of our member companies the Chain Pharmacy Association of New York State would like to thank you for the opportunity to submit testimony related to the Executive Budget as it relates to pharmacy services. In addition, below we have provided some background on our industry in New York State and included a series of recommendation for expanded pharmacy services in the State to both expand patient access to high quality care as well as help to reduce health care costs.

### **Introduction/Value of Pharmacy**

There are approximately 4,251 community pharmacies, chain and independent, across New York State which collectively employ over 144,098 full and part-time workers including almost 10,719 pharmacists. Chain pharmacies specifically employ 130,174 of the employees in New York and contribute \$1.07 billion of the \$1.14 billion in total taxes paid by pharmacies to New York State annually. New York's 2,306 chain pharmacies play a vital role across the state providing high quality pharmacy care to our residents. The services provided by pharmacies help to keep people healthy and in the community, preventing other more costly health interventions such as hospitalizations and emergency room and doctor's visits.

Community pharmacies are the face of neighborhood healthcare. The innovative programs of chain pharmacies deliver unsurpassed value - improving health and wellness and reducing healthcare costs. Through face-to-face counseling, the pharmacist-patient relationship helps people take medications correctly. This improved medication adherence means a higher quality of life, and the prevention of costly treatments. Innovative community pharmacy services - vaccinations, health education, screenings, disease management and more - also make up the healthcare delivery system of tomorrow.

### **FY 2013-2014 Executive Budget**

The FY 2013-2014 Executive Budget includes proposals to further reduce Medicaid reimbursement to pharmacies in the Fee-for-Service program for brand name drugs from Average Wholesale Price (AWP) minus 17% to AWP-17.6% as well as to continue the across-the-board Medicaid cuts to providers including pharmacy. We are very concerned about these proposed cuts and respectfully ask that you reject them in the final State Budget.

New York State has cut pharmacy reimbursement under Medicaid, EPIC and other public programs thirteen times since 1994. These cuts included decreases in pharmacy reimbursement paid to pharmacies for brand and generic drugs, implementation of a state maximum allowable cost program, removal of dispensing fees for over-the-counter products, and cuts in reimbursement for prescriptions filled under the Workers' Compensation program. Most recently in 2011, pharmacy reimbursement was further reduced under Medicaid with a reduction on both the product cost side (to AWP-17%) and dispensing fee (through a \$1 decrease for every generic dispensed). Since 1994, these cuts have resulted in a total loss of almost \$10 billion to community pharmacy.

Chain pharmacy recognizes the tremendous budgetary challenges that the state of New York is facing and the subsequent need to control Medicaid program costs to help balance the state budget. However, cutting pharmacy reimbursement is not an appropriate way to achieve desired savings, nor will it serve to control program costs in the long term. Further, pharmacies continue to face serious losses under Medicaid and Family Health Plus estimated at over \$37 million as a

result of their inability to collect copayments at the point of sale and have seen reduced reimbursement and limited networks as a result of the State's recent shift of its Medicaid pharmacy benefit to Managed Care for most of its members.

Further over the last year, our members have committed significant time and resources working with the State Medicaid program to participate in its extensive surveying process to collect actual acquisition cost pricing data and cost of dispensing information from community pharmacies. Analysis of the survey data and proposed new reimbursement rates are expected to be released this Spring. Given this initiative, we strongly question how Medicaid can further propose to decrease pharmacy AWP reimbursement for FY 2013-14.

Again, we respectfully request your support for the restoration of the proposed AWP and across-the-board cuts to community pharmacy. Below we have provided a series of recommendations to expand patient access to needed services and to help prevent illness which we believe could be put in place this year to help reduce health care costs instead of further cuts to pharmacy reimbursement.

#### **Recommendation to Remove the Sunset and Expand Immunizations**

Expanding the immunizations that pharmacists are allowed to administer provides other venues for busy individuals, who, absent a convenient, highly accessible location to obtain vaccinations such as their neighborhood pharmacy, might forgo the service. We believe that expanding the number of healthcare settings that provide immunizations as well as the types of immunizations that pharmacists can provide will consequently lead to increased vaccination rates throughout the state. We applaud Governor Cuomo and the State Legislature for recognizing the importance of immunizations and the critical role that retail community pharmacists play in providing immunization services. Effective October 2012 shingles vaccine was added to the list of immunizations that can be provided by pharmacists in New York. Also a result of two recent Executive Orders, certified pharmacists were allowed to administer the Tdap vaccine to assist the victims of Super Storm Sandy and able to administer the flu vaccine to children down to age 6 months to assist in the response to the very high incidence of influenza this season.

In addition to expanding the immunizations that pharmacists are allowed to administer, we urge that legislation be advanced this session to remove both the 2016 sunset provisions in the current law and the requirement that the standing order given to a pharmacist must be from a physician or NP in the *same county*. Immunizations are the best defense against morbidity and mortality for diseases for which vaccines are available and we must remove all barriers to significantly increase vaccination rates among our population.

#### **The Critical Role of Pharmacists in Coordinated Care Models**

We believe that successful outcomes for coordinated care and care management programs like health homes and accountable care organizations (ACOs) will be dependent on making sure multiple provider types are able to provide their services to beneficiaries. This includes the multitude of services provided by community pharmacies. Pharmacists play a key role in helping patients take their medications as prescribed and offer a variety of pharmacist-delivered services, such as medication therapy management (MTM) to improve quality and outcomes.

As the state continues with the implementation of health homes for Medicaid beneficiaries as well as ACOs it is imperative that public policy and healthcare delivery strategies incorporate the

value of pharmacy, and certainly should not jeopardize the viability or accessibility of pharmacies in the community. Including community pharmacists as a part of the health home, ACO and any other coordinated care models is one of the many ways of using a pharmacist's clinical skills to improve patient outcomes. Pharmacists already have the training and skills needed to provide patients specific medication-related services and currently provide most of these services in their day-to-day activities. Through well-established relationships with the patient, pharmacists have gained the trust of their patients and have proven to be a reliable source of information to the patient regarding their healthcare needs. Accessible in virtually every community, pharmacists are medication experts with the ability to identify patient specific medication-related issues and communicate those issues to the patient and their provider. In addition, pharmacists have the ability to educate the patient with the necessary information to improve patient compliance, outcomes and overall quality of care as detailed below.

### **Inclusion of Medication Therapy Management Services in Coordinated Care Models**

A critical factor in the success of a coordinated care program is improving health outcomes and reducing healthcare costs related to chronic conditions through better medication adherence and MTM. Medication therapy management includes a wide range of activities that help prevent medication errors, ensure medication compliance and get patients more actively involved in their medication therapy.

As an avenue to increasing medication adherence, coordinated care models can improve patient care by promoting safe and effective medication use and achieve optimal patient outcomes through a facilitated partnership among healthcare providers. Poor medication adherence costs the nation approximately \$290 billion annually – 13% of total healthcare expenditures – and results in avoidable and costly health complications, worsening of disease progression, increased emergency room visits and hospital stays. This inadequate medication adherence rate is associated with about \$47 billion annually for drug-related hospitalizations, and estimated 40 percent of nursing home admissions.<sup>1</sup>

Reasons for patient non-adherence to a medication regimen are multi-factorial, including costs, regimen complexity and patient beliefs. Therefore, it is necessary to tailor interventions to the patient's unique combination of factors contributing to nonadherence. MTM is one solution that has been proven to improve patient medication adherence by face-to-face consultation with community pharmacists. Adherence to medications and recommended therapies is increased when patients have a thorough understanding of all of their medications, including over-the-counter drugs. Whole person, patient-centered care, considering the mental and physical aspects of health, can be advanced by fully integrated care that includes clinically linked, comprehensive medication management.

Several states have implemented MTM programs and have seen notable program savings for the state and enrolled beneficiaries. For example, the North Carolina CheckMeds program uses specially trained personal pharmacists in communities throughout North Carolina to provide MTM services to all Medicare Part D recipients ages 65 and older. Since implementation in 2007, the North Carolina CheckMeds program has helped approximately 40,000 North Carolina seniors manage their medications and improve their quality of life through education and assistance available at their local pharmacies. In addition, the program has generated savings of

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<sup>1</sup> New England Healthcare Institute, 2009.

approximately \$66.7 million in overall health care costs for the state which included \$35.1 million from avoided hospitalizations, \$8.1 million in drug product cost savings.

Similar results were seen with the implementation of the Iowa MTM pilot program which utilizes pharmacists to help patients manage their medications and improve patient adherence through education and continued monitoring. In the first twelve months of implementation, the state generated savings of approximately \$4.3 million in avoided costs which consisted of \$1.18 million from drug product costs savings and approximately \$3.07 million from fewer hospitalizations, fewer emergency room visits, and fewer office visits.<sup>2</sup>

Pharmacists are the most highly trained professionals in medication management. They receive a minimum of six years and in many cases eight years of college, with four years enrolled in a College of Pharmacy where they study medication uses, dosing, side effects, interactions and patient care. MTM services provided by community pharmacists improve patient care, enhance communication between providers and patients, improve collaboration among providers, optimize medication use for improved patient outcomes, contribute to medication error prevention and enable patients to be more actively involved in medication self-management. Pharmacist-provided MTM services are one of the many ways of using a pharmacist's clinical skills to improve patient outcomes.

For these reasons, pharmacy-provided MTM services should be considered a critical factor in the success of coordinate care programs by improving health outcomes and reducing healthcare costs related to chronic conditions through better medication adherence and management.

### **Collaborative Practice Agreements**

As a result of the Patient Protection and Affordable Care Act (PPACA) which extends health insurance coverage to an additional 32 million Americans, all providers -- including doctors, nurses and pharmacists -- face increasing pressure to deliver high quality health care services to a greater number of patients. Pharmacists are in a unique position to absorb some of the pressure on physicians by providing limited, specific drug therapy management services and other prevention and wellness activities in cooperation with the patient's other health care providers. In states where this type of practice is permitted, the services offered by community pharmacists deliver unsurpassed value -- improving the health and wellness of patients while reducing health care costs. Pharmacists should be permitted to practice to the fullest extent of their training in all 50 states; to permit this; we support language in Pharmacy Practice Acts that allow physicians and pharmacists to enter into "Collaborative Practice Agreements" with one another.

Collaborative practice agreements are written agreements between a pharmacist or pharmacy and a physician or group of physicians wherein pharmacists work in collaboration with physicians(s) to manage patients' drug therapy. Currently, 35 states allow these types of arrangements in community pharmacy settings. In New York such agreements are permitted only for teaching hospitals. Under collaborative practice agreements, pharmacists are generally permitted to modify, continue or discontinue drug therapy in accordance with written guidelines; conduct tests and screenings; and order lab work in accordance with written guidelines or protocols agreed to by physicians in collaborative practice agreements. Physicians have ultimate authority

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<sup>2</sup> Both North Carolina CheckMeds Program and the Iowa MTM Pilot program use Outcomes Pharmaceutical Health Care for the management of their MTM programs. All savings have been provided by Outcomes.

to further delineate the activities that pharmacists may and may not perform in accordance with the law under the collaborative practice agreement. Under this type of arrangement, pharmacists serve as physician extenders and help to monitor and carry out physicians' drug therapy plans for their patients.

It bears noting nearly all states permit physicians' assistants and nurse practitioners to work collaboratively with physicians to modify a patient's drug therapy. Pharmacists, who have more education and training than any other health care provider on medications and their effects on the human body, should be granted this same opportunity.

Collaborative pharmacy practice agreements allow pharmacists to help manage patients' drug therapy pursuant to specific guidelines established by the collaborating physician(s) in a collaborative practice agreement. Under very specific conditions and in accordance with these guidelines, pharmacists are permitted to make adjustments to patients' drug therapy to achieve desired therapeutic outcomes. Under the terms of collaborative practice agreements, pharmacists would make physicians aware of any changes made in a particular patient's drug therapy. To clarify, collaborative practice agreements do not give pharmacists prescribing authority independent of physicians.

Patients, physicians, and the health care system as a whole benefit from the use of collaborative pharmacy practice agreements, as this type of arrangement offers a safe, convenient, and cost-effective way to address patients' drug therapy problems. Community pharmacists continue to be regarded as one of the most trusted health care professionals in the nation. The American people can feel confident that pharmacists are capable of performing the tasks which collaborative practice agreements require.

Collaborative practice agreements improve patient care in a variety of ways. Research has shown that approximately one-third to one-half of all patients in the United States do not take their medication as prescribed by their providers. Pharmacy services administered by pharmacists in community pharmacies have been proven to improve compliance and prevent unnecessary hospitalizations caused by drug misuse. Collaborative practice agreements are another mechanism to increase the opportunities for pharmacists to contribute their expertise to drug therapies in this regard.

Collaborative practice agreements increase patient accessibility to necessary services which may often be characterized as "preventive" when pharmacists intervene to prevent a patient's condition from worsening. Community pharmacies are the face of neighborhood health care: with over 61,000 chain and independent pharmacies located in nearly every community in the nation -- many of which are open 24-hours a day, seven days a week -- collaborative practice agreements will allow many people to quickly and easily receive the care they need. These agreements also strengthen the pharmacist-physician relationship, ensuring that patients receive the most appropriate and comprehensive drug therapy.

### **CLIA-Waived Testing**

With the rise of chronic disease, many providers and national associations recommend regular health testing, and the convenience of community pharmacists increases the public's access to this vital service. There are many types of health tests available to the public and administered by various providers. Some common health tests provided by community pharmacist include,

among others, blood glucose, A1C (diabetes), cholesterol and lipid panels, and body composition. In addition, community pharmacists may provide consultation as to the results and follow-up with a primary care provider.

The federal government regulates clinical health testing performed on humans in the US through the Clinical Laboratory Improvement Amendments (CLIA) which sets quality standards for testing regardless of where the test was performed. Some health tests are so simple, accurate and safe that they are “waived” from CLIA requirements. All tests provided by community pharmacists are CLIA-waived, including the common tests listed above.

Although the CLIA program is a federal program and health testing providers must comply with federal laws, New York has implemented additional requirements creating barriers for pharmacists to provide these simple health tests. This includes a requirement that a physician order is required before a test can be conducted so consumers are not permitted to self-order the CLIA-waived test for educational and self management purposes. In addition, while pharmacists are permitted to conduct select tests under the Limited Services Laboratory License, the direction of these activities would need to be conducted under a Lab Director such as a physician with laboratory experience. We recommend that New York align its regulations with the federal requirements to make it easier for pharmacists to provide this safe, cost-effective health service to benefit consumers.

### **Conclusion**

The Chain Pharmacy Association of New York State the State Legislature for your past and continued support of community pharmacy. We urge the State to reject the proposed pharmacy cuts in the Executive Budget while considering further expansions to New York’s pharmacist immunizer law as well as the inclusion of community pharmacists and MTM services in collaborative practice agreements and other coordinated care and care management programs including Health Homes and ACOs. We welcome the opportunity to provide any further assistance or information that would be helpful and look forward to continuing to partner with the State to ensure the highest quality of pharmacy care for all New Yorkers.