



NEW YORK STATE SENATOR

Mike Martucci

Martucci Stands Up For Small Pharmacies, Against Corporate Greed

MIKE MARTUCCI April 21, 2021

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Elimination Of Budget Provision Hurts Neighborhood Pharmacies, Patients, And Taxpayers

MIDDLETOWN, NY – **Senator Mike Martucci (R-C-I, New Hampton)** decried provisions in the recently passed New York State budget that would hurt small pharmacies already struggling from the COVID-19 pandemic.

“The pandemic hurt all small businesses, but pharmacies were counting on a lifeline in our state budget,” **said Senator Martucci**. “Instead, this budget capitulated to corporate bean counters and delayed much-needed Fee-For-Service payments to our local pharmacies. It’s a betrayal of trust, and yet another reason I

voted against almost all of the bills that comprise this year's budget.”

The Medicaid Pharmacy Benefit Carve-Out was due to take effect on May 1st of this year. That provision would eliminate the use of managed care plans and pharmacy benefit managers (PBM) and instituted a straightforward fee-for-service model instead. This system would not only save the state money, but it would restore choice to patients and serve as a lifeline for local pharmacies. The current model forces people to travel to PBM-approved pharmacies and discriminates against everyone else. This will allow corporate PBMs to continue reimbursing below the cost of an actual prescription and force local pharmacies to lose money or close while limiting consumer access to the medicines they need.

Al Squitieri, the owner of NeighboRx Pharmacy in Middletown and Slate Hill, said, “Independent pharmacies like mine stayed open during the pandemic to help our neighbors at a time when everyone else in the industry was closed. We stood strong for our communities, yet this is how we are thanked by Albany? The elimination of the Fee-For-Service pharmacy carve-out from this year's state budget is devastating to our community and a gift to predatory PBMs. This decision will jeopardize our livelihoods, hurt already underserved communities, and push the bill onto taxpayers.”

Independent pharmacies are finding it almost impossible to survive in this type of business climate. Many of them serve communities with a large number of residents that rely on Medicaid and they often provide free delivery and offer advice and personal service to customers that are like family. The carve-out elimination pushes them closer to their breaking point.

Sam Shah of K & K Pharmacy in Liberty said, “This last-minute change in the budget is a shock to me and the entire community of independent pharmacies. It will force me to make choices that I shouldn't have to make, such as cutting back service or even closing my doors. If I am forced to close, it will adversely impact the people I employ and the residents that have been my customers for years. Rural communities that lack alternatives will be even more hard-hit than underserved ones. If something doesn't give, there will be pharmacy deserts throughout the state.”

Across the country, state governments are discovering that PBMs are producing big costs for the Medicaid system. In Ohio, PBMs used “spread pricing” to generate huge profits for themselves. A 2018 audit showed that plans charged the state more than what they paid the pharmacy for the drug thereby increasing their own profits. In Pennsylvania, similar findings led to a recommendation for a prescription drug carve-out, much like the one now being delayed in New York. By contrast, West Virginia, which implemented the carve-out, has saved \$654.5 million in the first year alone.

“New York has the most expensive Medicaid program in America,” **said Martucci.** “We cannot afford to delay the savings a pharmacy carve-out would produce for two more years and neither can our

independent pharmacies. It is outrageous. Before Legislative Session ends, we should pass a standalone bill to rectify this mistake. Patients, neighborhood pharmacy owners, and taxpayers are counting on us.”

Mike Martucci is serving his first term as the Senator for New York's 42nd State Senate District which comprises all of Sullivan County and parts of Orange, Ulster, and Delaware counties. He is the ranking member of the Senate Standing Committees on Disabilities and Commerce, Economic Development And Small Business.

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