



PA Association of Chain Drug Stores

604 North Third Street
Harrisburg, PA 17101
(717) 236-9600
(717)236-9696 (Fax)

Testimony Before the Pennsylvania Senate Democratic Policy Committee

April 15, 2024

Hearing on Pharmacy Deserts: Ensuring Access for All Pennsylvanians

**Testimony By: Nick Cicco, Vice President for Pharmacy at Weis Markets and
President of the Pennsylvania Association of Chain Drug Stores (PACDS)**

Dear Honorable Members of the Senate Democratic
Policy Committee,

Community pharmacies are essential healthcare providers for Pennsylvanians, with 90% of Americans living within 5 miles of a pharmacy.

They are trusted, accessible, and play a vital role in providing healthcare services to the community.

All Community Pharmacies are essential. Your constituents visit pharmacies 10 times more than any other healthcare provider.

In October 2023, a Morning Consult poll in Pennsylvania showed 88 % of the Commonwealth's residents say it is “**very easy** “ or “somewhat easy” to access healthcare from pharmacies – making them the most accessible healthcare destination polled.

The COVID Pandemic thrust pharmacy into a vital role serving as the community healthcare hub for Pennsylvanians and all Americans. Pennsylvania Chain and Independent Pharmacies- **YOUR COMMUNITY PHARMACIES** have provided **26.3 MILLION** immunizations since 2019.

What can the legislature do to stop pharmacy deserts?

You could establish a regulatory or legislative path that would support Telepharmacy or Remote Processing.

Pennsylvania could look at incentivizing pharmacies like the McKesson Project Oasis article we provided with our testimony, **or you could impact the current pharmacy delivery system.**

So, you may ask what/who is the major driver of Pharmacies closing...

They are invisible to the consumer and once were invisible to legislators and regulatory until Pharmacists could not take it anymore and saw patients were at risk.

They are Pharmacy Benefit Manager (PBMs)

They **manipulate** patients, payments, rebates, and fees that pharmacy must pay. These middlemen sit between the health plan/ employer/ union and the pharmacy and patient, and their below-cost reimbursement policies mean that pharmacies are paid below the cost to acquire the drug, with little to no payment for the professional services they provide. This results in pharmacies filling prescriptions at a loss, and local access to medications and access to healthcare advice is at risk of being lost.

PBM MUST HAVE FIDUCIARY DUTIES AS EMPLOYERS' AND UNIONS MUST HAVE FOR THEIR PLANS

One might think as pharmacies close the volume would help other pharmacies, but the exact opposite is true.

MORE below cost Reimbursement on a larger volume of a pharmacy's prescriptions makes that pharmacy sink even faster.

Pharmacies despite their importance, the number of community pharmacies has been decreasing, with a loss

of 393 pharmacies from their historic peak numbers. **(214 Chain / 179 Independents)**

It is remarkably simple math – **PAID LESS THAN YOUR COST ON ALMOST ALL OF YOUR PRESCRIPTIONS = PHARMACY / STORE CLOSED**

The PBM Market

THREE PBMs of the 73 PBMS (PCMA's Number) according to Drug Channels for 2022, make up about 80% of all equivalent prescriptions processed. The top SIX PBMs account for 96%. **So, the other 67 PBMs account for 4%.**

So, guess who the problem player are ... **hint not the 67.**

In 2023, the pharmacy benefit management (PBM) market in the US was valued at \$491.88 billion and is expected to reach **\$680.73 billion by 2029.**

The big get bigger and your community pharmacy disappears.

We ask you to fight for REAL PBM REFORMS in Managed Care Medicaid and the Commercial Market like so many other states have done.

Pharmacy competes every day to locally serve the healthcare needs of your constituents.

We have been in your neighborhoods for decades, but we need your help.

The Congress and the FTC working on a fix ... that takes years **you can help us with YOUR vote.**

Thank you for the opportunity to testify before you today.