

Summary of MT Pharmacy Protection Bill

Pharmacies are closing at record rates because reimbursement rates from PBMs are below cost to dispense. This is affecting rural Montana and escalating the concern over healthcare deserts. Each of the additions or changes is aimed at ensuring fair and reasonable business practices. The goal is to ensure PBMs are reimbursing pharmacies fairly and above their cost to dispense medications to patients. Pharmacies are a business and must operate profitably to continue to serve their communities in rural Montana. Pharmacies have consistently been paid less and less each year, yet prescription costs have been growing exponentially. Where, or better yet, who is getting all the money from the increase in prescription costs? It sure isn't the pharmacies!

Why are these changes needed?

- PBMs usually pay pharmacies based on unpredictable, fluctuating reimbursement rates (which are often based on nothing more than PBM whim).
 - This can result in pharmacies being paid less than their costs, making it hard for them to stay in business.
 - In contrast, many state Medicaid programs (including Montana Medicaid) reimburse pharmacies using a straightforward, predictable formula based on a NADAC (National Average Drug Acquisition Cost - a continuously updated federal standard that measures actual pharmacy costs for medications). This approach has been so reliable and fair over the years that some states now require PBMs to use the same approach for all claims (not just Medicaid).
- Pharmacy Benefit Managers (PBMs) will reimburse pharmacies below the agreed contract price or force customers to use specific pharmacies, often their corporate owned retail and mail order pharmacies.
- PBMs use tactics like higher copays, lower reimbursement rates, and limited supply days to push customers towards their affiliated pharmacies, hurting local pharmacies.
- During audits, PBMs often demand pharmacies provide proof of (wholesale) purchase for each prescription audited, ostensibly to ensure that pharmacies are buying from legal sources. However, some PBMs will reject proof of purchase (and take back the entire reimbursement) if the pharmacy bought the medication more than 30 days before dispensing to the patient, regardless of the medication's actual expiration date (which is usually years away). This can prevent pharmacies from taking advantage of bulk purchasing discounts and places an unreasonable and completely unnecessary burden on pharmacies, especially small rural pharmacies.
- Current approval processes for pharmacies to join PBM networks can take up to six months, reducing their potential customer base and revenue. New pharmacies struggle to survive if they can't join provider networks quickly. Delays in approval limit their ability to serve customers and grow their business.

Proposed Changes:

1. **Fair Payment Rates:** Prevent payments based on fluctuating reimbursement rates that can result in pharmacies being paid less than their costs.
2. **Contract Price Compliance:** Ensure PBMs cannot reimburse pharmacies below the contract price or force customers to use specific pharmacies.
3. **Equal Treatment:** Guarantee local, independent pharmacies receive the same treatment as other pharmacies in the network regarding copayments, supply days, and other conditions.
4. **Faster Processing:** Ensure pharmacy applications to join networks are processed within 45 days and ownership changes within 30 days.
5. **Emergency Fills:** Allow local pharmacies to fill medications if a patient's delivery is delayed or damaged.
6. **Recoupment Limits:** Prevent PBMs from recouping funds based on the timing of medication purchases, allowing pharmacies to benefit from bulk purchasing discounts.