

**Testimony submitted to the  
Joint Medicaid Oversight Committee  
Eric Geyer, PharmD  
Pharmacy Director, The Centers/Circle Health**

Chair Patton, Vice-Chair Romanchuk, Ranking Member Antonio, and Members of the Joint Medicaid Oversight Committee, thank you for the opportunity to provide testimony on pharmacy benefit managers (PBMs) and issues they are creating for Ohio's Medicaid Program.

The Centers for Families and Children & Circle Health Services serve more than 30,000 people at 14 locations throughout Greater Cleveland and the inner-ring suburbs to provide access to health services, early childhood education, family support, and workforce and workplace development.

Our Mission is to improve the lives of those we serve through integrated primary care, behavioral health, pharmacy, early learning and family support services and workforce training.

We are leading the way in providing an innovative and integrated model that coordinates health and wellness services with family support programs, including early childhood development, job training and workplace and workforce development. The organization is one of the oldest and largest nonprofit organizations in Northeast Ohio.

Our 5 pharmacies help provide critical and affordable access to medications for patients, many of whom have face difficulties getting access to care. We serve a wide range of patients but many are enrolled in Medicaid services and thus the issues concerning pharmacy benefit managers directly affects payments made to us. Because of the way our pharmacies and healthcare setting are setup, we are obligated to reinvest this money back into services that help better serve our patients and their health needs. Therefore, when a clawback of any sort hits us financially, it can limit our ability to help better take care of our patients and the services that we can provide. After the 2018 investigation that showed how much the Medicaid system was abused by these PBMs, I guess we sadly shouldn't be surprised that they would stoop to different interpretations to benefit their bottom line at the expense of others, including those patients they are supposed to serve.

Although the focus of this committee is on the State Medicaid program, the issue clearly goes deeper. The same PBMs that seem to be in question here, also run a large number of Medicare Part D plans, which give us contracts through PSAOs (Pharmacy services administrative organizations)—that we have no room to bargain with. Fees assessed through these programs can trickle down to Medicaid recipients as every year these Medicare Part D fees (largely through Direct and Indirect Remuneration Fees-DIR fees) keep increasing. That means less money for

places like The Centers for Families and Children & Circle Health Services to have what is legally obligated to be reinvested in the same people.

These fees and adjustments are incredibly difficult to fully parse out when all claims covered by the PBMs come in one report all wrapped up. Having to go line by line to sort these ever-changing fees is an incredibly burdensome task, even when, in our case, we are 5 modest size pharmacies filling just over 10,000 prescriptions a month. We have seen a roughly 20% or more increase in these totally fees each year from even 2018 on. This year, we will be assessed and adjusted well north of \$300,000 dollars, with is up roughly 25% from last year. Given the population that uses Medicare and Medicaid services the most, this amounts to a tax penalty for those who take care of elderly, disabled and low-income Ohioans.

This math makes it easy to see why many pharmacies are having their staffing cut to the bone, and even closures and changes in hours of operation. There are even viral social media campaigns and pages around the issues many pharmacists make, as their business model is dictated to them by these payors. It's at the core of why many have left the community or retail pharmacy space and why it is so hard to hire people due to poor and even declining wages, even for pharmacists. At The Centers, we have worked to maintain our level of service and care for our patients, despite these increased fees and adjustments. It's what we are duty bound and obligated to do.

All these fees are now coming to light as these same PBMs are forcing pharmacies like mine to show our 340B purchase prices. This may not seem like a large issue at the moment but given the track record of these large Fortune 10 companies, they will likely use this information against us in future contracting, possibly endangering services we provide for our patients. These services are not limited to medication services, but by their actions it could limit the services we provide even with our special 340B pricing that is no cost to the government. Thus, when PBMs start tampering with the Medicaid model and payment structure, they start tampering with many other systems that are put in place to help those who need it the most.

The argument seems to be that the word claim only applies to the time billing for a medication is processed and not the re-adjudication of it at a later date. The intent of the law is clear but could be made crystal clear if adjusted to say that all contracts around processing claims and payments to and from the pharmacy and the pharmacy benefits managers that handle Medicaid must be made fully transparent and open to audit by the state at any time.

Thank you for the opportunity to share our experience with you. Should you need further details we are happy to provide them. I'm happy to answer any questions you may have.

## Additional Background on the Centers

### Health

We provide high-quality health care to everyone who walks in our door, regardless of ability to pay. Our integrated model of care includes primary care for children and adults, psychiatry, behavioral health care, dental, addiction services, HIV treatment & in-house pharmacies. Through our integrated approach, we provide support to pregnant women, addressing the infant mortality crisis and providing supportive services for the mother during and after pregnancy. We provide health care services to more than 12,000 people each year.

### Family

Our top rated early learning services help children and families make the most of the critical first 2,000 days of life to be healthy, kindergarten-ready and prepared to succeed in school and life. We operate seven 5-Star rated early learning centers serving children from birth to age five and a comprehensive home visiting program serving families from the pre-natal timeframe to kindergarten. Each year, we serve more than 1,000 families in Cuyahoga County. Our model provides comprehensive support for children, including support for special needs, a focus on nutritional foods through our in-house kitchen, and individualized family support.

### Work

Our free workforce programs are open to anyone 18+ (no high school diploma required) and includes short-term career training, specialized industry certifications, and job placement services with more than 100 regional and national employers. Our innovative & individualized approach provides flexible training options for families.