

Madam Chair, Members of the Committee, my name is Corey Duteau and I live in South Burlington, VT. I am the youngest of three brothers that are all pharmacists as well as my father and numerous relatives. I own Freedom Pharmacy in Williston, VT and we utilize specialized packaging to help patients manage their daily medications. We service patients from young to old, especially the mental health demographic, and deliver their medications right to their doorstep. As you can imagine, this has been an amazing service for our patients and community these past few years with COVID.

I am representing myself and I support passing of this bill because without regulation of Pharmacy Benefit Managers (PBMs), independently owned pharmacies like mine will be put out of business and that will cause great harm to the community and the patients that we service. This bill, in its original form, is a step in the right direction to transparency in how PBMs operate, reimburse pharmacies and get paid. It has amazed me for years now how every part of our industry is regulated except the PBMs. The insurance companies are regulated. The drug manufacturers are regulated. The drug wholesalers are regulated. And pharmacies are regulated. How is it that the middlemen, PBMs, are not regulated? It just doesn't make sense that all the other spokes of the wheel are heavily regulated except for PBMs.

It is true that our industry is like many others and it is complex but what makes it even more complex is that there is no transparency from the PBMs which is exactly what they have worked very hard to achieve and maintain for decades. Along the way they have profited in the billions all at the expense of the taxpayer. Without regulation for PBMs, they operate as they see fit without any checks and balances. Ultimately, this hurts the same patients that we try to help every day.

Let me give you a few examples. Last week, one of our patients was discharged from the hospital at 4pm. The patient has been in hospital for several weeks and was being sent home without any medications which means they will end up right back in the hospital if they don't have their medications. Our team put together the patient's medication pack which included two antibiotics and promptly delivered what was needed right to the patient's doorstep that evening. As you can imagine, our patient was extremely grateful because they knew that we were one of the only pharmacies that offer free delivery and we did it late in the day when no other pharmacy would deliver. As I reviewed the time and effort that

the staff put in to this one patient's medications, it hardly made sense from a financial standpoint as we were reimbursed a fifty-cent dispensing fee on each medication as well as pennies over our cost to acquire the medication except on two medications, where we were paid below our acquisition cost. In order for us to continue to be an important part of our community and our patients lives, we need fair reimbursement from the PBMs which includes a proper dispensing fee.

Another example that I want to share with you today really hits home on why PBM regulation is imperative. Back in November 2020, we ran into a reimbursement issue with one of our patients that has utilized our packing and services for years. This particular patient is a young male that has HIV. He utilizes our services because our packaging keeps him compliant in taking his medications. We billed his medications as usual but this time the reimbursement from his insurance was almost \$200 below the pharmacies acquisition cost. We searched nine different wholesalers that we have access to and still could not find a low enough price to bring the PBM reimbursement above our cost. This patient is also a very good self-advocate and told us he was going to reach out to the insurance company to see what was going on. Of course, because we are part of this community and we care about our patients we dispensed the medication at a huge loss but informed the patient that we wouldn't be able to continue doing that one medication if his insurance did not reimburse properly. The interesting part of this process was that there was a small glimpse of transparency of what was actually being charged to the insurance company by the PBM and what the PBM was actually reimbursing the pharmacy. We learned this because of the patient advocate who was told by the insurance company what they were being charged. Our jaws dropped! The pharmacy was being reimbursed under our acquisition cost while the PBM was billing the insurance for that same prescription hundreds of dollars more than what it reimbursed our pharmacy. This means the PBM was keeping the difference between what they billed to the insurance and what they short changed the pharmacy. Many states have begun to outlaw this PBM practice. Unfortunately, we are still not able to include this medication in our patient's medication pack and have worried that the patient has been less compliant having to get this ONE medication elsewhere.

In both examples, we did what every pharmacy does on the claims that are reimbursed under our acquisition cost, we appealed it with the PBM. Matter of fact, we have sent hundreds if not thousands of appeals to PBMs over the past

several years and 99% of the appeals are denied. There are two main reasons that the PBMs deny every claim. The first one is that they respond in a vague manner saying that they have determined that there is a cheaper alternative in the market place that we can order or that they used a different reimbursement method that we cannot appeal. We send the appeal only after we search prices for cheaper alternatives from nine different wholesalers and when we are unable to find an alternative that will make us whole. We then ask the PBM to tell us where they are finding this cheaper alternative and we are told every time that they cannot provide us with that information. We would have no problem ordering the alternative that the PBM is using to deny our appeal but the truth is, that alternative does not exist. The pharmacy should have a right to know the exact product that the PBM is referencing in the appeal denial but without regulations, the PBM will continue to evade transparency at all costs.

PBMs started out as simple claims processors back in the day where they charged a simple fee for processing the prescription claim. Without regulations, these companies have grown into billion-dollar profit centers using every tactic they can get away with including spread pricing, reimbursing under cost, claw-backs, DIR fees, etc.

I love what I do and I am part of a team of healthcare professionals that is proud to serve and be part of our community. We are embedded in our community. We support local organizations like Meals on Wheels, youth baseball, etc. I am afraid that our pharmacy will see the same fate that so many pharmacies across the country and right here in Vermont have faced which is going out of business. I like to think that I am a fairly decent business person especially having kept our pharmacy afloat for the past eight years all while facing growing challenges and unfair reimbursement by the PBMs. I am not saying that the PBMs don't deserve to profit, what I am saying is that it needs to be done fairly and transparently. It's hard to run a business, keeping Vermonters compliant with their meds and keeping Vermonters employed, when your business is faced with unfair reimbursement for products and services. I fear that a pharmacy like mine being forced out of business by unfair and unregulated practices by PBMs will create a medical crisis in our community.

I ask today that you take a deep dive into what is being asked of you with this bill and do what is right to protect the community that Vermont pharmacies serve.