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Judiciary Committee Antitrust Task Force Hearing on
The Impact of our Antitrust Laws on Community Pharmacies and their Patients

Good morning Chairman Conyers, Ranking Member Keller, and Members of the Antitrust Taskforce.

My name is Robert Dozier and I am the Executive Director for the Mississippi Independent Pharmacies Association. The local community pharmacies I represent play a vital role in our healthcare delivery system – but they are being forced out of business every day by unfair business practices by the major Pharmacy Benefits Managers and Medicare Part D Plans. This is the very reason why the Mississippi Independent Pharmacies Association was formed and why I am before you today at this hearing.

Independent pharmacists are one of the most trusted professions of this country and are the only health care provider that gives free, no appointment necessary, trusted care. These pharmacists pride themselves on being able to serve their patients and communities with the highest service. Most independent pharmacies provide 24 hour emergency care, such as helping a mother with a sick child in the middle of the night. Nearly all independent pharmacies provide delivery services to their patients despite rising fuel cost in today's markets. To give you an example about the service the independent pharmacists provide to the community, Ms. Jane Paschall from Holly Springs, MS, stated that in February 2006 she was sick and could not drive to town to pick up her medication, so her local independent pharmacist Bob Lomenick delivered her medication free of charge, placed her trash out by the road when he arrived and even brought her a milkshake from his local pharmacy. Ms. Paschall

stated later that she would have never received that kind of service from anybody but an independent pharmacist. I might add that Bob Lomenick preformed all of these services in the middle of an ice storm that was passing through North Mississippi.

In the aftermath of Hurricane Katrina, we saw what independent pharmacists were really made of when the majority of the healthcare institutions and facilities had been destroyed by the storm. The independent pharmacists of the Mississippi Gulf Coast who had survived the storm opened their pharmacies the day after the storm despite having no electricity or modern conveniences so they could provide for their patients and the survivors of the worst natural disaster this nation has ever witnessed. Independent pharmacist John McKinney of Burnham-McKinney Pharmacy in Moss Point, MS, worked along side with Dr. Sid Ross, who was working from the pharmacy because his office was destroyed, provided care and medication to many of the people on the Gulf Coast. Mr. McKinney made sure that anybody who could produce a medication list or bottles with proper ID received their medication as long as that medication was not a controlled drug. Mr. McKinney and other community pharmacists on the Gulf Coast provided these survivors with their medication with little or no hope of being reimbursed for the products or their services. They provided these survivors with their medication not for the payment or the low reimbursement that all independent pharmacists are seeing today, but they provided the medication because it was the right thing to do.

If it were not for these independent pharmacists, the Gulf Coast and the rest of Mississippi might have seen a major healthcare disaster. When the hospitals, local clinics, chain pharmacies, and even Kessler Air Force Base were closed, these local pharmacists rose to the top to provide patient care and service in the time of need for their communities.

You simply can not receive that kind of treatment and patient care from a mail-order company. I know this from personal experience because my father had to evacuate his home in New Orleans due to the storm and he is a mail-order patient. My father is a mail-order patient not by choice but because his insurance company's PBM has forced him to receive his diabetic medications through the mail. He was one of the many refugees from the storm that had problems receiving his medications, but Bill Mosby, a community pharmacist from Canton, MS, helped my father get his medication when he was unable to get it from the mail-order company. It only strengthens my belief in the role of our country's independent pharmacists when I think of what could have happened to my father and other patients if they were not able to receive their medications.

I want to point out that the small business of independent pharmacy is unique in that it has little control over the cost paid for a product or control over the price set to sell the product. Yet, when it comes time to squeeze savings from the system in this escalating cost environment, both State and Federal government turn to pharmacy as if they had full control over pricing. Almost all of the medications that pharmacies dispense are paid by third parties – thanks in part to the Medicare Part D benefit that our government approved a few years ago. But the small, independent pharmacies have no voice in the agreements for reimbursement for the Part D plans, and they are facing smaller margins, low to no profits, and greater debt.

Members of Congress may believe pharmacies can absorb these losses and go on. Many people do not understand business operations and or the term “gross margin.” It is very simple: if a pharmacist buys a medication for \$100 and gets reimbursed \$85, then has to wait 6 weeks to be paid, it is just a matter of time before he will have to close his pharmacy. There is no gross margin. The PBMs have reduced payments, in a severe fashion. This is an inequity which needs your attention today. A small business

of any type cannot continue to operate if the revenue coming in does not at least match the cost of the product being sold and the overhead needed to serve the consumer.

This is a blow to small business, but devastating to those patients served by these small businesses. Pharmacists across the nation are agonizing over the thought of not being able to serve their patients. And those patients will be distraught over the thought of losing their pharmacies. Members of Congress may not believe access is a problem because they see multiple pharmacies at the same intersection in larger cities. Mississippi is a prime example of rural America, a state that has eleven counties with only one pharmacy and one county that has NO pharmacy at all. These patients understand what it will mean to their health care if that pharmacy disappears – they could easily be 30-40 miles away from the next closest pharmacy.

Independent pharmacies across the state of Mississippi and the United States are a key component of the healthcare delivery system, but they are facing extinction due to the unfair business practices of the major Pharmacy Benefit Managers and Medicare Part D Plans. You can see from my earlier statements how important these small businesses are to our communities. Without the ability to truly negotiate with the PBMs, independent pharmacy will become a thing of the past and our healthcare system in this country will truly be broken beyond the point of fixing. We will never be able to replace the face-to-face patient counseling that community pharmacists provide on a daily basis to all of their patients. There will not be the same care from a mail-order company that we see from an Independent Pharmacist.

Once again, I would like to thank you for your time and I urge that the committee schedule a markup of HR 971 and bring the bill to the floor in order to keep this key component of our health care system in place.