



February 26, 2021

Secretary Simone Marstiller
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, FL 32308

Secretary Simone Marstiller,

We want to congratulate you on your recent appointment as secretary for the Agency for Health Care Administration (AHCA). This is a momentous time to take the helm of an agency that touches so many vulnerable lives and we cannot think of a better person to lead.

We know you are responsible for many policy areas, so our coalition would like to alert you of a major issue impacting millions of Floridians and driving up healthcare costs for patients and the Medicaid Program. The managed care organizations coordinate care for Florida Medicaid members and sub-contract with commercial Pharmacy Benefit Managers (PBMs) which profit excessively from the prescriptions provided to Florida Medicaid members, while they underpay local pharmacy providers. Just last week, Beth Kidder, AHCA Deputy Secretary for Medicaid, along with a representative from Milliman, appeared before the House Finance and Facilities Subcommittee. Committee members had the opportunity to ask questions of both representatives. Their questions were prudent, and it is clear that legislators were troubled by the findings in the report. However, it is even more troubling that their questions often went unanswered or were responded to with non-answers. After the meeting ended, there were certainly more questions on the table than at the start.

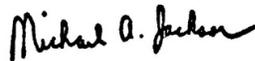
There is a lot of misinformation out there about this report, but here are the facts. Using AHCA's own claims data, the report showed that PBMs are pocketing \$89.6 million through spread pricing alone, a practice banned in many states, and are charging local pharmacies arbitrary fees. We estimate that in total PBMs are pocketing more than \$113 million in taxpayer dollars. None of these taxpayer dollars contribute to actual healthcare services or medications. The fact that these middlemen were paid \$113 million and pharmacies—actual healthcare providers—were paid about half of that (\$58 million) is alarming. The report also revealed major anti-competitive inconsistencies with reimbursements for PBM-affiliated pharmacies. One PBM controls 41.1% of the market share of Florida Medicaid. In fact, this same PBM fills 48% of all prescription drug claims for Florida Medicaid recipients creating deeper access issues for Florida's most vulnerable – especially in rural and inner-city areas. The state now has clear evidence of prescription drug middlemen using their monopoly-like market share of the Medicaid

program to line their own pockets. It does not matter if PBMs are profiting \$10 million or \$100 million, it is too much money taken from our most vulnerable residents and taxpayers. It is past time our state addresses the anti-competitive practices of PBMs who stand to profit even more when there is little-to-no regulatory oversight.

The report's revelations were the catalyst for community and independent pharmacies and other pharmacy stakeholders coming together to form a coalition for reforming the unregulated and unchecked business practices of PBMs in the state. Considering that Florida is facing a major budget shortfall, we believe that meaningful PBM reform this year will save the state at least \$100 million.

Earlier this month, AHCA also presented before the Florida Senate Appropriations Subcommittee on Health and Human Services. Senate Chairman Aaron Bean specifically asked AHCA about the PBM report and he asked for an analysis of the report to determine potential savings by moving the Medicaid Pharmacy Program to a fee-for-service model. As pharmacy stakeholders and subject matter experts, we stand ready to assist your team with the requested analysis and any follow up questions regarding state savings from House members. We urge you to direct your team to follow up in earnest with the House committee members and we very much look forward to the results of your staff's additional analysis.

Sincerely,



Michael Jackson
Executive Vice President & CEO
Florida Pharmacy Association



Bill Mincy
Director, Board of Directors
PPSC



Sally West
Regional Director
Walgreens



Stephen Hendrickson
Chief Executive Officer
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