

Senator Margaret Rotundo, Chair

Representative Drew Gattine, Chair

Members of the Appropriations and Financial Affairs Committee

Senator Henry Ingwersen, Chair

Representative Michele Meyer, Chair

Members of the Health and Human Services Committee

RE: Testimony IN OPPOSITION - LD 210, Language Part "SS" Establishes a \$0.70 cents per pharmacy prescription assessment on pharmacy providers

Dear Senator Rotundo, Representative Gattine and members of the Appropriations and Financial Affairs Committee, and Senator Ingwersen, Representative Meyer and members of the Health and Human Services Committee:

My name is Steve Maki and I am a Pharmacist and Owner of Spruce Mountain Pharmacy in Jay. I have been practicing pharmacy for almost 30 years. I have spent the last 15 years at Spruce Mountain Pharmacy an independent community pharmacy. I am submitting testimony in opposition of LD 210 part SS which establishes a \$0.70 cent per pharmacy prescription assessment on pharmacy providers.

Unfortunately, due to staffing limitations, I am not able to be at the committee hearing today. It is my hope through this written testimony will convey the passion I have for my community pharmacy and communities we service will not go unnoticed. The proposed tax assessment of \$0.70 per prescription will have a negative impact upon my pharmacy and other community pharmacies across the state.

Here are some of the key points I feel the Committees must understand and carefully consider during this process.

First, Governor Mills Administration is saying this will be budget neutral in aggregate but there is no guarantee that individual pharmacies will be made whole. This language is a RED FLAG to me as a business owner. There is no doubt in my mind there will be winners and losers. Everyone is taxed at the same rate per prescription, but only pharmacies that fill a high degree of MaineCare prescriptions will have any chance to be made whole. This is NOT PHARMACY NEUTRAL as the Administration claims. Pharmacies that have a high elderly population stand to lose, as Medicare Part D dispense fees will not be increased. My independent community

pharmacy will pay the tax and potentially not received any additional payment(s) for the services provided to MaineCare patients. This is why I am opposed this tax increase.

Second, the tax and increased MaineCare dispense fee are two different initiatives, and only the \$0.70 tax is in the budget. We've been told they will be linked together, but I have significant concerns that one might move forward without the other. How do we know we will both get both passed? What is our recourse if only the tax increase passes? Can we rescind the tax if the increase MaineCare reimbursement doesn't move forward? Given the uncertainty with federal funding, there is no guarantee the federal draw down of funds will materialize. You are asking me to trust my business to a promise you may not be able to keep. This is why I am opposed this tax increase.

Third, it has been well-documented that pharmacies are struggling in Maine and across the country and looking for transparency, with fair and reasonable reimbursements for the prescriptions and pharmaceutical care we provide. I have grave concerns that Maine pharmacies will close if this initiative passes. This will not just negatively affect independent pharmacies. It is well-documented that chains are also closing across the country. With the closing of pharmacies, we are sacrificing patient care. We are losing 10 or more pharmacies a day nationwide. There are not enough pharmacies to fill the gaps we're seeing. I have not seen any information about how the administration is going to collect the \$0.70 tax on out of state mail order pharmacies under the proposal. Adding a new disadvantage my pharmacy will have to contend with while trying to compete with nationally owned Pharmacy Benefit Managers (PBM's) mail-order pharmacies. This is why I am opposed this tax increase.

Fourth, Governor Mills budget proposal is anticipating significant increased spending. Pharmacists don't determine who qualifies or not for MaineCare. Why are we funding this on the back of pharmacies when the state has said they cannot "hold harmless" pharmacies with this scheme? We do not have a revenue problem. We have a spending problem. We need to address the root cause and get spending under control. How many more business need to close due to high tax burden and government mandated expenses before we get spending under control. This is why I am opposed this tax increase.

Finally, based on my numbers from 2024 a \$0.70 tax per prescription would take another \$36,400.00 out of my business. What does this mean to a small business like Spruce Mountain Pharmacy?

1. Reduction in Profitability: I will have less money to reinvest or expand the business to provide new programs or services for our patients and community. This could stop new or replacement equipment purchases. This could have a negative impact on business growth going forward.

2. Raise prices on other goods: The reality is I cannot raise more revenue on prescriptions billed to insurances, with the reimbursement rates set by PBM contracts a/k/a MAC (maximum allowable cost) pricing and the Point-of-Sale collection of direct and indirect

remuneration (DIR) fees crushing reimbursements to the pharmacies we can not pass this new tax along to the consumer. I could raise the prices on non-insurance bill prescriptions but when this is less than 10% of my business it's hard to make up \$36,400.00. This will drive inflation in the pharmacy business sector into the over-the-counter medications and other non-prescription cost. Or we will have to stop customer focused care as we cut back on what we can offer to our patients (your constituents).

3. Hiring and Wage Impact: the loss in profit will force me to limit staff development, force a hiring freeze, not allow me to offer competitive wages for new staff, not allow for the expansion of employee benefits or worse a reduction of benefits and delay raises and bonuses.

As the past president of the Maine Pharmacy Association, I had the opportunity to travel across the state and speak with owners, pharmacist, pharmacy technicians, support staff and customers. The level of pharmaceutical care being provided to our citizens by our community pharmacies was inspiring to say the least. We are here to provide people to have quicker access to their medication. We are filling prescriptions and offering education on getting the best use from the prescription medication to achieve positive health outcomes. We are selling and giving advise to customers on over-the-counter medications. We are one of America's most trusted and easily accessible healthcare professionals. We stepped up during the COVID crisis to vaccinate and continue to provide pharmaceutical care as an essential business in the state. We offer health screening through, diabetes education, blood pressure checks and medication reviews. Medication management to support our customers with adherence, compliance packaging and education to help patients with complex medication regimens. Pharmacies provide medical equipment and supplies like mobility aids, blood pressure monitors, pulse oximeters, wound care, diabetes testing equipment etc. Community pharmacies serve as an accessible healthcare hub to their community, often without an appointment. The pharmacies offer convenient, patient centered care to their community. If community pharmacies close who is going to fill in the void?

I appreciate the time and attention you are giving this proposed tax assessment of \$0.70 per prescription. I hope I have provided some insight to the negative impact this tax would have on the citizens of Maine.

Respectfully submitted,

Steve Maki, RPH

Spruce Mountain Pharmacy

Jay, ME 04239

207-897-9080