



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 committees:

My name is Eric Norberg, and I am the owner and pharmacist in charge at Carroll Drug Store in Southwest Harbor. I appreciate the opportunity to submit testimony in my opposition to LD 210-part SS, the proposed \$.70 prescription assessment.

In my 30 years of owning Carroll Drug Store, retail pharmacy has never been in such a precariously fragile state. Pharmacy Benefit Managers, or PBM's, are often reimbursing at our purchasing cost and even frequently below purchasing cost. This has made the financial viability of pharmacy ownership beyond difficult. There is legislation at both the state and federal levels for PBM reform, but for many pharmacy owners nationwide any resulting legislation is coming too late. There is on average at least one independent pharmacy closing each day nationwide. As you know, the chain pharmacies are not immune either, as Rite Aid has gone bankrupt, Walgreens is closing 25% of their stores nationwide, and CVS is closing more than 900 stores that they define as "underperforming". Maine has not been immune to these closures. I'm sure the fine people of Milo or Bingham could tell you how difficult it has been to lose their local pharmacy.

For Carroll Drug Store, this tax is particularly troubling. Based on last year's statistics, we are looking at a nearly \$47,000 assessment due to the 70-cent tax. My understanding is that we, as pharmacy owners, cannot transfer this tax to the price of the prescription, we are supposed to eat it. That, is the rub. This is an incredibly unfair tax. The revenue loss is an employee's wage, that loss creates an inability to care for elderly shut-ins with delivery services, that loss for some store owners might be the nail in the coffin of their hometown pharmacy. Remember, in this retail climate, once a community loses its pharmacy, it's likely gone forever. Why would you risk this for your communities across the state? With the loss of pharmacies in Maine, we have to consider how far our patients might now have to travel to get their medication. As a pharmacist I want to be able to service my community's healthcare needs and continue to run my family business. I also have consideration for my hard-working employees, many of whom have been with us for years who want to keep working. We all know how hard it is to keep employees. The State of Maine should not want our people unemployed! This new assessment will push us in a troubling direction.

The promise of revenue neutrality for Carroll Drug Store is quite certainly remote. We are not a MaineCare store. Southwest Harbor and its surrounding communities are made up primarily of Medicare D patients. In 2024, our MaineCare volume was 9.5% of our total filled prescriptions. In order for the State of Maine to make Carroll Drug Store revenue neutral, we would need to see an increase in reimbursement of over \$7.00 per prescription. I am not optimistic that the planned MaineCare rate increase for pharmacy is anywhere near that level. Plus, the MaineCare reimbursement increase for pharmacy is not tied to this bill, so there is a chance that the assessment could pass with Mainecare reimbursement staying the same. My guess is that my small business will lose in excess of \$30,000 either way! That is not revenue neutral, that is severe financial harm. That is more than a doubling of my state income tax! That is grossly unfair taxation! If you cannot promise revenue neutrality to all participants, you are causing unfair irreparable harm. This will cause pharmacy closures, and for this reason this proposal should not pass.

Why is this government proposing to prop up its spending on the backs of pharmacy, and pharmacy alone? Outside of healthcare, I cannot think of another sector of business that has been hit with a potentially unreimbursable assessment. Isn't the idea of creating tax assessments on businesses scary to the many legislators here who are business owners? Is it, or is it not a farse to think that next we will be assessing attorney's offices a \$5 per billing hour fee to help prop up the state judicial departments? Or that logging companies should pay a tree assessment to help fund the forestry service? Or any assessment on any business that you might own being used to help prop up a beloved state-run program.

My legislators, as always, you are tasked with making tough decisions. This should not be one of them. This is a dangerously bad idea. Nobody did the hard work to research this plan and the potential harm that will be brought to the retail pharmacy industry in this state. Nobody ever contacted pharmacy leadership in the state to discuss this idea to find out how it could affect pharmacies. We know this, because if they had, this proposal would never have gotten to you. I ask that you do one of two things. Reflect on what is most important for this state to fund and make the tough decisions to find savings to balance the budget or find a fair way to find revenue that won't decimate community pharmacies and hurt the people they are there to serve.

Thank you for your time.

Eric Norberg, RPh