



Proponent Testimony for Senate Bill 360
Michael Burns RPh
President/CEO AuBurn Pharmacy

Chair Dietrich and Members of the Committee:

Good afternoon, Thank you for the opportunity to be here.

My name is Mike Burns, I am a pharmacist and owner of AuBurn Pharmacy. We have pharmacies across Kansas serving communities large and small.

I think at this point I don't have to explain how PBMs got their start, but I do want to continue to remind everyone where they are today. The vertical integration and consolidation have resulted in a monopoly. We do not have a free market today.

The PBMs take advantage of that by underpaying pharmacies, driving them out of business, which forces more business into their own pharmacies. While they tout the savings by using their own "specialty" pharmacies and mail order, the reality is quite the opposite.

Employers, taxpayers and patients are paying the price.

I now want to share a personal story with you.

About 6 years ago, I was diagnosed with cancer. As a result, my team of doctors created a plan that included radiation and chemotherapy.

I was in a unique situation where I was now the patient, the pharmacist, pharmacy owner and plan sponsor (the one responsible for providing the health plan for myself and our employees).

Along with my radiation and IV therapies, I was prescribed Capecitabine, an oral chemo drug.

AuBurn Pharmacy was at the time with BCBS who had Optum as their PBM. In preparation for my treatment I attempted to fill my prescription at my pharmacy. I had the medication on my shelf and was of course contracted to fill AuBurn employee prescriptions through BCBS/Optum.

Much to my surprise, the claim was rejected. Directing me to fill this medication at the BCBS "specialty" pharmacy.

Let me explain specialty. The PBM determines which medications are "special". They claim they are special due to cost and are a more complicated, complex therapy.

Please refer to the attached documents I have provided that show the results of sending my prescription to the "specialty" pharmacy.

Remember my pharmacy had it on the shelf, and I was contracted with Optum. My cost, after all rebates, for the 6 months of therapy, was roughly \$2600. Acceptable professional fees to fill those prescriptions for 6 months would have been \$240 for a total of \$2850.

Please pay particular attention to what was billed and allowed, once these went to “specialty”.

\$15,000 allowed and paid by my plan vs \$2800 at my own pharmacy. So not only did this practice prohibit a patient from accessing their local pharmacy but it INCREASED the cost by \$12,000. That is over a 4000% increase in costs. This obviously increases my plan expenses, which in turn would trigger an increase in premiums the following plan year.

Add insult to injury, not once did I get phone call from the specialty pharmacy offering to counsel me on this incredibly “complex therapy.

I don't have to explain how wrong this is. And this is happening thousands of times daily across our country and right here in Kansas.

I want to also then share my experience as the plan sponsor when I decided to finally cut out the middleman, the PBM and move to a self funded health plan with a fully transparent PBM, who only processes claims. No mail order, no specialty, no spread pricing, no manufacturer kickbacks kept by the PBM and insurance company.

Please see the attached documents provided regarding health plan costs for AuBurn over the last 5 years.

As you can see, once we removed the PBM and other middlemen, our costs have remained flat. Very remarkable when annual increases were nearly 10% and still do today for other employers and employees.

We also have increased benefits at the same time, adding an HSA and a buy up plan option.

The facts are clear. PBM reform does not increase costs. It reduces costs. Other states have proven that. AuBurn Pharmacy proved that.

Today, pharmacy is not a free market. It is a monopoly. I have been told by certain legislators that they don't feel it is right to get in the middle of private negotiations with businesses. When a monopoly exists, you must. You owe it to all that you represent.

On behalf of Kansas taxpayers, patients, employers and employees, I urge you to enact PBM reform legislation to eliminate anticompetitive practices, ensure access to quality pharmacy service and restore a competitive market.

Thank you and I welcome any questions.



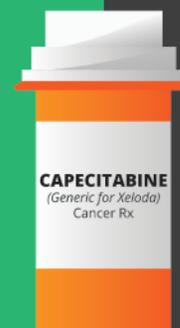
CAPECITABINE: A FULL PERSPECTIVE

**Local
Pharmacy
Cash Price**

6 month supply
\$2,300

**PBM
Insurance
Pricing**

6 month supply
\$15,300



Where are **YOUR** healthcare dollars going?
#PBMreform

*Source: May 2023 House Energy & Commerce Hearing Cost Plus Drugs Comparison Data

Capecitabine: Explanation of Benefits

Claim #385778386185586570

PATIENT MICHAEL W BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA	SERVICE DATE 01/10/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$3,285.97	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Your Part: \$0.00

COPAYMENT \$0.00	COINSURANCE \$0.00	APPLIED TO DEDUCTIBLE \$0.00	NON-COVERED SERVICES \$0.00
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Other Details

DATE RECEIVED 01/10/2019	OTHER INSURANCE PAID \$0.00	NETWORK SAVINGS \$2,416.17
PAID BY PLAN \$869.60		

Claim #385778386185586570

PATIENT MICHAEL W BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA	SERVICE DATE 01/10/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$3,285.97	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Prescription Info

PRESCRIPTION CAPECITABINE 500 MG TABLET	NDC CODE 64980027712	PHARMACY SAINT LUKE'S ADVANCED CARE PHA	CLAIM DATE 01/10/2019
PROCESS DATE 01/11/2019	PROVIDER ADDISON TOLENTINO	RX NUMBER 00005209	QUANTITY 64

Claim #684798586185586570

PATIENT MICHAEL W BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA	SERVICE DATE 01/10/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$657.27	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Your Part: \$0.00

COPAYMENT \$0.00	COINSURANCE \$0.00	APPLIED TO DEDUCTIBLE \$0.00	NON-COVERED SERVICES \$0.00
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Other Details

DATE RECEIVED 01/10/2019	OTHER INSURANCE PAID \$0.00	NETWORK SAVINGS \$361.66
PAID BY PLAN \$295.71		

Claim #684798586185586570

PATIENT MICHAEL W BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA	SERVICE DATE 01/10/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$657.27	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Prescription Info

PRESCRIPTION CAPECITABINE 150 MG TABLET	NDC CODE 64980027606	PHARMACY SAINT LUKE'S ADVANCED CARE PHA	CLAIM DATE 01/10/2019
PROCESS DATE 01/11/2019	PROVIDER ADDISON TOLENTINO	RX NUMBER 00005204	QUANTITY 66

Capecitabine: Explanation of Benefits

Claim #652349663491331670

PATIENT MICHAEL W. BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA.	SERVICE DATE 01/30/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$499.48	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Prescription Info

PRESCRIPTION CAPECITABINE 150 MG TABLET	NDC CODE 00093747306	PHARMACY SAINT LUKE'S ADVANCED CARE PHA.	CLAIM DATE 01/30/2019
PROCESS DATE 02/05/2019	PROVIDER ADDISON TOLENTINO	RX NUMBER 000005204	QUANTITY 40

Claim #499846321691331670

PATIENT MICHAEL W. BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA.	SERVICE DATE 01/30/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$2347.12	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Your Part: \$0.00

COPAYMENT \$0.00	COINSURANCE \$0.00	APPLIED TO DEDUCTIBLE \$0.00	NON-COVERED SERVICES \$0.00
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Other Details

DATE RECEIVED 02/05/2019	OTHER INSURANCE PAID \$0.00	NETWORK SAVINGS \$1,728.26
PAID BY PLAN \$621.86		

Claim #652349663491331670

PATIENT MICHAEL W. BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA.	SERVICE DATE 01/30/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$499.48	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Your Part: \$0.00

COPAYMENT \$0.00	COINSURANCE \$0.00	APPLIED TO DEDUCTIBLE \$0.00	NON-COVERED SERVICES \$0.00
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Other Details

DATE RECEIVED 02/05/2019	OTHER INSURANCE PAID \$0.00	NETWORK SAVINGS \$244.07
PAID BY PLAN \$225.47		

Claim #499846321691331670

PATIENT MICHAEL W. BURNS	PROVIDER SAINT LUKE'S ADVANCED CARE PHA.	SERVICE DATE 01/30/2019	SERVICE TYPE Pharmacy
TOTAL CHARGES \$2347.12	STATUS COMPLETE		

CLAIM DETAILS PRESCRIPTION INFO

Prescription Info

PRESCRIPTION CAPECITABINE 500 MG TABLET	NDC CODE 64920027712	PHARMACY SAINT LUKE'S ADVANCED CARE PHA.	CLAIM DATE 01/30/2019
PROCESS DATE 02/05/2019	PROVIDER ADDISON TOLENTINO	RX NUMBER 000005203	QUANTITY 60

Capecitabine: Local Pharmacy Cost

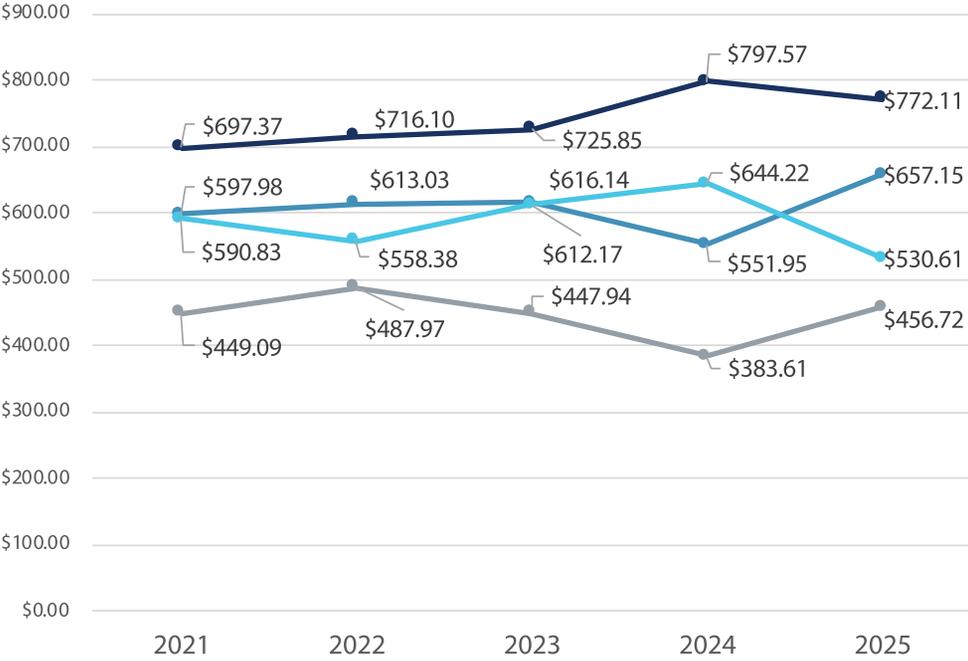
ALT	QTY	STOCK	CIN NDC/UPC	TRADE NAME MFR	STRENGTH	FORM	SIZE	TYPE	NET COST ^	INVOICE COST	NET UOI COST	RETAIL PRICE	CONTRACT	NOTES
+	0	●	5116280 16729-0072-12	CAPECITABINE ACCORD	150MG	TABS	1x60 EA	Rx	\$35.72	\$64.94	\$0.5953		1-SOURCE	Ⓜ
+	0	●	5116306 16729-0073-29	CAPECITABINE ACCORD	500MG	TABS	1x120 EA	Rx	\$203.57	\$370.13	\$1.6964		1-CHOSRC	Ⓜ

Capecitabine: Cost Comparison

Optum (PBM)				
See EOBs	Capecitabine 150mg #120 (month supply)	Capecitabine 150mg #120 (6 month supply)	Monthly Total (both strengths)	6 month Treatment (both strengths)
Billed Amount to Plan	\$1,408.44	\$7,041.36	\$8,449.80	\$50,698.80
Plan Allowed Amount	\$633.66	\$1,863.86	\$2,497.52	\$14,985.12
Cost of Drug	\$129.88	\$305.35	\$435.23	\$2,611.38
Profit (Optum)				\$12,373.74
AuBurn Rx Cost	\$129.88	\$305.35	\$435.23	\$2,611.38
Professional fees @\$20/rx X 12 Rxs =\$240 profit total				\$240.00
Total cost to plan if filled at AuBurn				\$2,851.38
Total cost to plan when filled at Optum "specialty"				\$14,985.12
Increase due to Optum Specialty				\$12,133.74

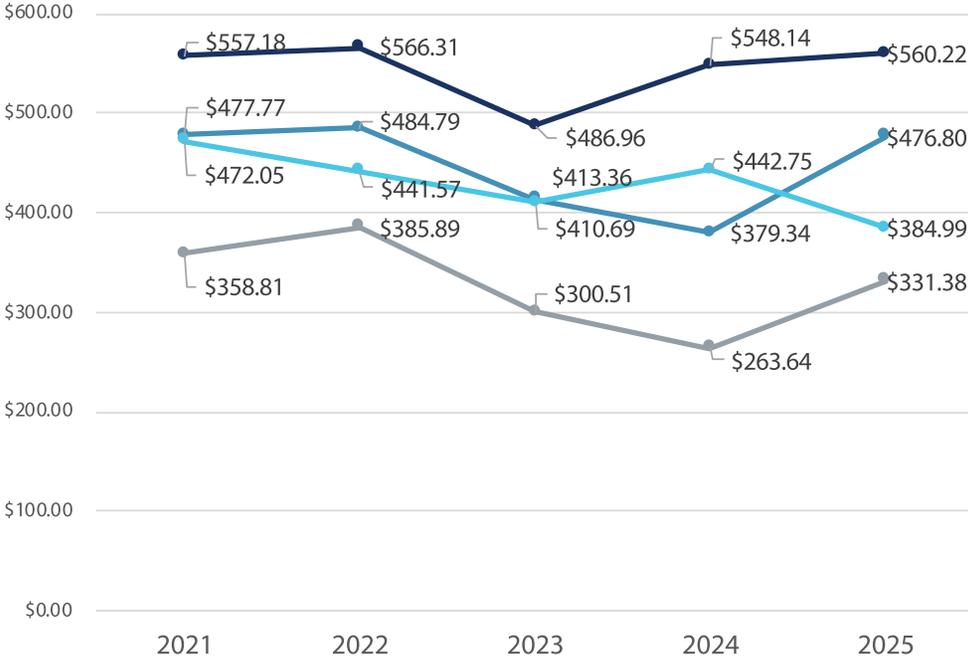
What happens to drug spend when you cut out PBMs?

Per Employee Per Month Costs



- PEPM Maximum
- PEPM Expected/Funding
- PEPM Actual
- PEPM Auburn Contribution

Per Member Per Month Costs



- PMPM Maximum
- PMPM Expected/Funding
- PMPM Actual
- PMPM Auburn Contribution

THE TRUE COST OF PBM SELF-DEALING

\$6,000-\$16,500 difference annually for one drug

1

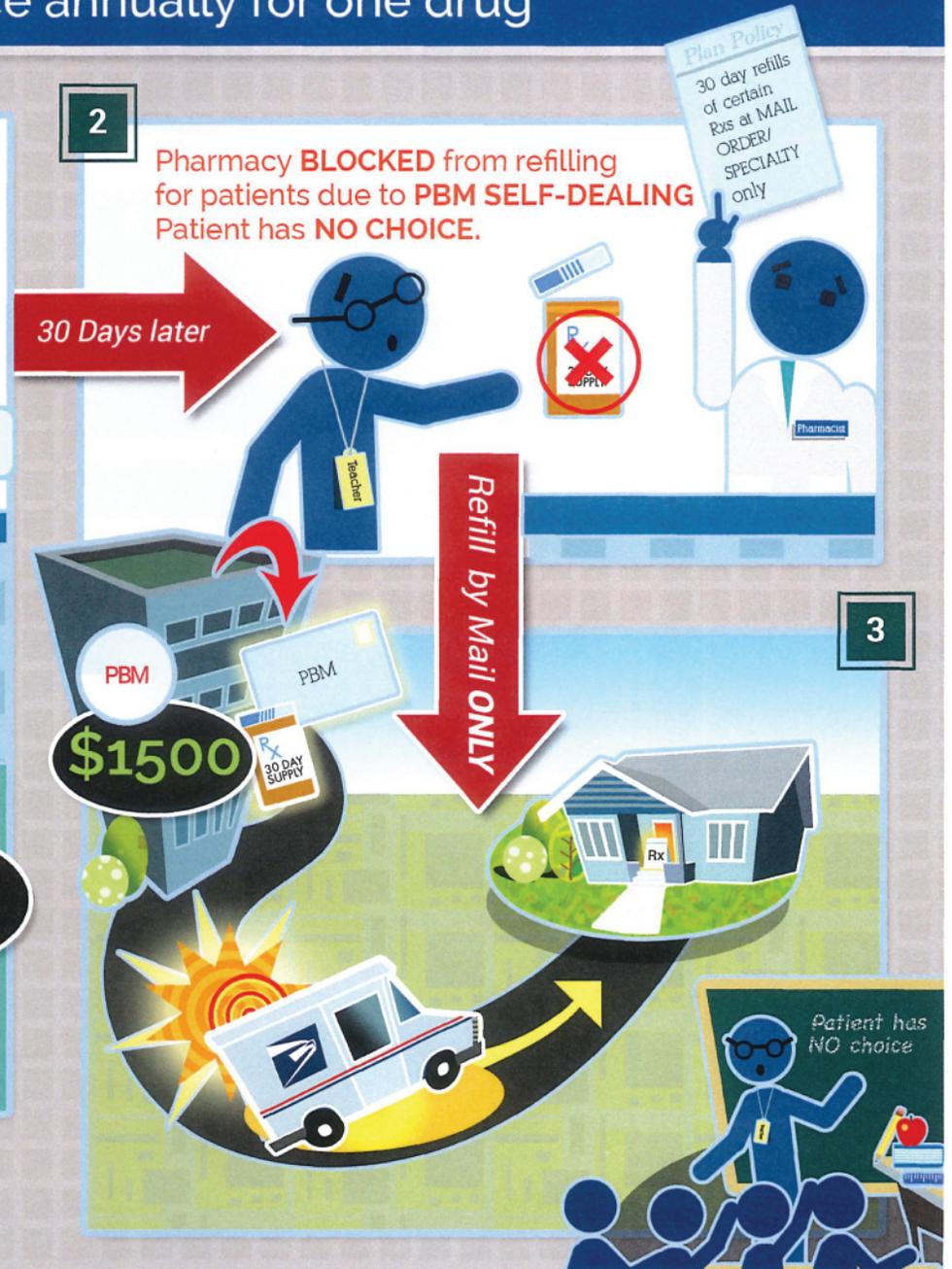
CANCER drug "30 day supply"

Patient has a choice in pharmacies and takes prescription to local pharmacy



2

Pharmacy **BLOCKED** from refilling for patients due to **PBM SELF-DEALING**
Patient has **NO CHOICE**.



Source: Teachers union health plan, PBM ExpressScripts.
Drug cost includes patient and plan's cost share for 30 day supply.
Plan is ExpressScripts, funded by union members, local and state taxes.