



New York State Senate and New York State Assembly  
FY 2024 Joint Legislative Budget Hearing - Health  
February 28, 2023

Testimony by Lucas Coody, PharmD, AlignRx

On behalf of AlignRx and the over 230 community pharmacies we represent in the State of New York, thank you for the opportunity to share our concerns with the misrepresentations of PSAOs within the Executive Budget Health & Mental Hygiene Article VII (S.4007A/A.3007) Part Y Subpart B – *Registration of Pharmacy Services Administrative Organizations*.

AlignRx is a pharmacy services administrative organization (PSAO) that community pharmacies may elect to hire for a nominal, flat, monthly fee to help manage back-office duties—namely, managing pharmacy benefit manager (PBM) contracts, submitting reimbursement claims, and conducting audits. These community pharmacies are what we often refer to as your “mom and pop” pharmacies that do not have their own contracting, compliance, and reconciliations departments. Our services are completely voluntary and allow independent pharmacists to spend their time where they most belong—at the counter serving patients.

AlignRx is a voluntary, fee-based service that has no impact on drug prices. We, like other PSAOs operating today do not negotiate drug pricing on behalf of pharmacies, do not retain any portion of the pharmacy client’s reimbursement, do not dictate reimbursement rates, have no role in formulary design, and is not involved in negotiating drug rebates or discounts. These are functions of a pharmacy benefit manager, or PBM.

Consequentially, the language in the budget requires PSAOs to adhere to burdensome registration standards that do not appropriately correspond to our role within the drug supply chain. In addition to reporting information that is the responsibility of PBMs, it also requires our business, in which our sole revenue comes from a low-flat monthly fee, to pay a disproportionately high registration fee.

The language as currently drafted threatens our ability to continue operating in the State of New York—while simultaneously creating burdens on the state to collect information from PSAOs that should be collected from PBMs. Without the support of PSAOs, independent pharmacies and the communities and patients that depend on them would be put at risk. Given the role and purpose of a PSAO, and the fact that our operations have no impact on drug prices, the inclusion of PSAOs in this legislation will not advance transparency into drug pricing.



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We respectfully request that the language targeting PSAs is rejected by the Legislature and not included in the final budget. New York's independent pharmacies and patients depend on it. Thank you again for this opportunity to comment.

Sincerely,



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