



TESTIMONY

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

Submitted by Myles Hoover, Vice President, Marketing and Customer Solutions

LeaderNET, Medicine Shoppe, and Managed Care Connection, Cardinal Health's Pharmacy Services Administrative Organizations (PSAO) and a critical community partner of over 1,000 independent pharmacies in New York, we thank you for the opportunity to share our strong concerns with the misrepresentation of PSAOs within **Executive Budget Health & Mental Hygiene Article VII (S.4007A/A.3007) Part Y Subpart B – Registration of Pharmacy Services Administrative Organizations**.

PSAOs, like LeaderNET, Medicine Shoppe, and Managed Care Connection, are voluntary administrative service organizations that independent pharmacies may elect to hire for a nominal, flat, monthly fee to help manage back-office duties—namely, managing pharmacy benefit manager (PBM). This support is crucial to community pharmacies who do not have the in-house operations to manage this red tape. Simply put, PSAOs free community pharmacists to spend their time where they most belong—at the counter serving patients.

As a voluntary, fee-based administrative service, PSAOs have no impact on drug prices. LeaderNET, Medicine Shoppe, and Managed Care Connection, like all other PSAOs operating today, do **not** negotiate drug pricing on behalf of pharmacies, does **not** retain any portion of their pharmacy clients' reimbursement, does **not** influence networks, or dictate reimbursement rates, have **no role** in the formulary design of any health benefit plan (i.e., negotiating rebates or fees with manufacturers), and are **not** involved in negotiating rebates or discounts. Rather, these are all functions of PBMs.

Consequentially, the language in the budget requires PSAOs to adhere to unduly 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 businesses' 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. 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.

Without the support of PSAOs, community pharmacies and the communities and patients that depend on them would be put at risk, further compromising the delivery of critical health services to New York patients, particularly those in rural and urban “pharmacy deserts.” Community retail independent pharmacies were at the frontlines during the COVID-19 pandemic, providing life-saving interventions, patient services, and education to New Yorkers. PSAOs supported these pharmacists, who were needed by their patients to safely provide COVID-19 vaccines, consultations, and treatments via conventional and curbside pickup.

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

A handwritten signature in black ink, appearing to read "Myles Hoover". The signature is fluid and cursive, with the first name "Myles" being more prominent than the last name "Hoover".

Myles Hoover

Vice President

Marketing and Customer Solutions

[7000 Cardinal Place, Dublin, OH 43017](#)