



TESTIMONY

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

Submitted by Crystal Lennartz, VP/GM Health Mart Atlas & Atlas Specialty

On behalf of Health Mart Atlas, a Pharmacy Services Administrative Organization (PSAO) that serves 459 independent and community 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 Health Mart Atlas, 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) contracts, assisting pharmacies in collecting reimbursement from PBMs, and conducting audits. This support is crucial to independent pharmacies who do not have the in-house operations to manage this red tape. Simply put, PSAOs free independent 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. Health Mart Atlas, like all other PSAOs operating today, does **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, has **no role** in the formulary design of any health benefit plan (i.e., negotiating rebates or fees with manufacturers), and is **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, independent 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.” 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 independent pharmacies and patients depend on it. Thank you again for this opportunity to comment.

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