

**House Human Services Committee  
Hearing and Pharmacy News Conference  
Coverage Report**

As of November 29, 2011

#### Print Coverage

- [“Texas pharmacists warn Medicaid cuts put businesses at risk of closure.”](#) *Dallas Morning News*. November 28, 2011. By Robert Garrett.

#### Television Coverage

- [“Medicaid pharmacy changes may be Rx for conflict.”](#) *KVUE (Austin)*. November 28, 2011. By Mark Wiggins.
  - Also featured on *KHOU.com (Houston)* and *WFAA.com(Dallas)*
- [“State pharmacies fighting new Medicaid reimbursement plant.”](#) *KVUE*. November 28, 2011. By Jessica Vess.

#### Radio Coverage

- *KLRD* (Dallas/Fort Worth) - Interview with Louis Rumsey on November 28, 2011.
- *KLBJ* (Austin) - Interview with Dorinda Martin on November 28, 2011. By Perry Watson
- [“State Health Plans Scrutinized.”](#) *KUT* Radio. November 29, 2011. By Mose Buchele.
- *KCRS* (Midland/Odessa) – Interview scheduled with Dorinda Martin on November 30, 2011. By Robert Hallmark.

#### Online Coverage

- Press Release Placements
  - Quorum Report
  - CBS 7 (Odessa, TX)
  - Houston Business Journal

# **Print Coverage**

## [Texas pharmacists warn Medicaid cuts put businesses at risk of closure](#)

*Dallas Morning News*

November 28, 2011

By Robert T. Garrett

AUSTIN — Pharmacists who serve poor Texans warned lawmakers Monday that they will be forced to close their doors if scheduled Medicaid fee cuts aren't rescinded.

On March 1, health maintenance organizations will start managing the prescription drugs of more than 3.3 million Texans on Medicaid.

The managed-care companies are cutting reimbursements, citing the Legislature's requirement that rapidly increasing drug costs in Medicaid be curbed.

Some independent pharmacists and drugstore chains with outlets in low-income neighborhoods say that the HMOs in recent weeks have offered contracts that contain very low drug payments and big cuts to dispensing fees.

Louis Rumsey, owner of the Elam Road Pharmacy in southeast Dallas, told the House Human Services Committee he won't be able to keep his store open if lawmakers don't intervene to stop the reimbursement cuts.

"I have determined that if I let go a couple of my employees, I cut every expense that I possibly can and I do not even pay myself a salary, I will still lose money," said Rumsey, who relies on Medicaid and the Children's Health Insurance Program for nearly 90 percent of his revenue.

"If something is not done [by] March 1, I will have no choice but to close my pharmacy," he said.

Tom Suehs, head of the state Health and Human Services Commission, said the changes were ordered by lawmakers who earlier this year closed a \$23 billion budget shortfall without raising taxes.

Texas expects to save \$83 million in state and federal funds by moving drug coverage from the traditional "fee for service" arrangement to HMOs, said commission spokeswoman Stephanie Goodman.

Suehs said he knows many pharmacists are upset. He promised that state officials will closely watch whether managed-care companies have signed up enough drugstores to provide convenient service to Medicaid recipients.

"I'm very concerned about protecting the access for the clients, and to do that, you're going to need your independent pharmacists," he testified.

Goodman, the commission spokeswoman, later elaborated that drug-reimbursement rates “must be reasonable” and that “any company that sets rates below that will ultimately lose its contract with the state.”

Dorinda Martin, president of the Texas Pharmacy Association, told reporters that the fee cuts threaten half of the state’s nearly 1,600 independent pharmacies.

Martin, who with her husband owns two Austin-area pharmacies, said Waco economist Ray Perryman has estimated that as many as 42,000 jobs could be eliminated.

# **Television Coverage**

## Medicaid pharmacy changes may be Rx for conflict

*KVUE*

November 28, 2011

By Mark Wiggins

*Also featured on WFAA.com and KHOU.com*



AUSTIN -- At the Lamar Plaza Drug Store in Austin, business goes on in much the same way it has for decades. Owner Dorinda Martin oversees a steady stream of prescriptions making their way out the door with the patients that need them.

"We try to make life easier for them," said Martin. "Keeping them healthy is a huge thing."

Martin is also worried.

"We're faced with the decision of staying in business or not," she said.

Under a new state law, Medicaid reimbursements once handled by the state will be administrated by managed care organizations and pharmacy benefit managers. Pharmacy owners say those organizations would cut reimbursement for some medications by up to 80 percent. It's a scenario Martin fears would force local pharmacies to choose between serving Medicaid patients and staying in business.

"They can't do it. Nobody can do it," said Martin. "I've done this 35 years; I can't do it."

On Monday, Martin and dozens of pharmacy owners from across Texas packed a small meeting room beneath the State Capitol to warn lawmakers that unless something is done, hundreds of pharmacies could close and hundreds of thousands of Medicaid patients could have to leave their local pharmacies for a major chain -- sometimes dozens of miles away.

"The reimbursement is so low that even if I let go of several employees, cut back on expenses, and do not even pay myself a salary, I will still lose money," said Dallas pharmacy owner Louis Rumsey.

Rumsey says about 85 percent of his customers are Medicaid patients -- many of them children with asthma.

"If I go out of business, where will these patients go?" he said.

How much is reimbursed is just the starting point. Pharmacists pay up front for medication, which can often be expensive. Under the current program, Martin says pharmacies are reimbursed in about a week, but once the law goes into effect, it could take up to a month or more.

With pharmacies dealing with multiple employees, many fear that a longer lag in reimbursement could force them to take out loans just to cover payroll.

The law was intended to save money, with many questioning whether the state's current reimbursement rates were too high. Texas Pharmacy Business Council Chairman Bruce Rogers said he recognizes what lawmakers were attempting.

"Being a small businessman, I can understand the need for the state to control expenditures, and I applaud them for doing that," said Rogers.

But Rogers and others say most pharmacies already have a difficult enough time being profitable, and the new law could be a fatal blow to many.

"Thirty-eight thousand jobs that the state of Texas will not have," warned Rogers.

At Lamar Plaza Drug Store, Martin's concerns are equally pressing.

"How will we take care of people, Medicaid or otherwise, if we're not here?" Martin asked.

The rule is set to go into effect March 1.

Representative and House Human Services Committee member Naomi Gonzalez says the emphasis will be on communication, and lawmakers intend to work with all parties to make as smooth a transition as possible.

## *State pharmacies fighting new Medicaid reimbursement plan*

*KVUE*

November 28, 2011

By Jessica Vess



AUSTIN -- State lawmakers are taking a closer look at Medicaid funding in Texas. Some of those dollars could be going away.

The State Legislature passed a new law over the summer that does away with the current procedures pharmacies follow to fill Medicaid and CHIP prescriptions. Now pharmacies are fighting back, saying the new rules will make it impossible for them to continue serving those in need.

“The Texas Department of Health and Human Services needs to understand such severe cuts in reimbursement rates will reduce access to vital medications and other pharmacy services for Medicaid patients,” said Dorinda Martin, R.Ph., owner of the Lamar Plaza Drug Store in Austin and the Dripping Springs Pharmacy.

Monday morning at the State Capitol, the House Human Services Committee opened a hearing into the matter.

The committee is taking in testimony of the new Medicaid model. It did away with a state-run Medicaid prescription program and moved to a managed care program. Therefore, when pharmacies send in reimbursements for Medicaid prescriptions, the rates aren't controlled the same way. Pharmacy owners from across the state say the rates could be so low that they'll lose 80 percent of those reimbursement dollars. Many say they can't survive with such deep cuts.

“I will literally go broke trying to keep my pharmacy open,” said Louis Rumsey, R.Ph., owner of the Elam Road Pharmacy in Dallas. “The reimbursement is so low that even if I let go of several employees, cut back on expenses and do not even pay myself a salary, I will still lose money.”

According to pharmacy groups in Texas, there are 1,700 community pharmacies in the State. The group cites a study by The Perryman Group, an economic analysis firm, which estimates that if this plan goes through, 1,300 of those pharmacies are at severe risk of closing down.

A similar program recently went into effect in the state of Kentucky. Pharmacy groups say those businesses are already seeing job loss and economic distress.

It doesn't go into effect in Texas until March 2012. Officials are hopeful the hearing with lawmakers Monday will urge the state to outline restrictions for the managed care program.

# **Radio Coverage**

## State Health Plans Scrutinized

**KUT**

November 29, 2011

By Mose Buchele

*Note: the below image is a still shot of a video posted with along with the story.*



The House Human Services Committee discussed the state health care reforms at the State Capitol on November 28, 2011. Photo by Mose Buchele/KUT News

In three months, Texas will implement a sweeping overhaul of how it runs its Medicaid and Children's Health Insurance programs. The Texas Legislature passed a multifaceted plan this summer for restructuring health care, which was the subject of a hearing today at the State Capitol.

Many who attended the Texas House committee meeting raised concerns about what this new system would mean for Texas pharmacies and healthcare providers, especially in the poorest corners of the state. One major implementation planned for South Texas is managed care – a system in which costs are more tightly controlled by a third-party administrator. Proponents have said it could save the state close to \$300 million.

Doctors in Texas' border region are worried these changes could send more patients to emergency rooms for treatment. Carlos Cardenas, vice chairman of the Texas Medical Association and a doctor working in Edinburg, said most of his Medicaid patients have no idea that change is coming.

“Patients may not know they need to enroll, they may be placed into a managed care organization not of their own choice but by default and then not know that this occurred and when it's time to access healthcare they may not know where to go and there may be confusion,” Dr. Cardenas said.

At the hearing yesterday, HHS Executive Commissioner Thomas Suehs said the state should redouble its efforts to educate Texans about the new system.

“So we're starting out communications strategy the months of December. I know that's a sharp timeframe, but we've got experience doing rollouts in other geographical areas and we're building upon that,” Suehs said.

The plan could affect the financial stability of in-state pharmacies. Historically, Medicaid reimbursements have been doled out to pharmacies by the state's Vendor Drug Program. Under a managed care system, reimbursement rates would instead be determined by a third-party group of Pharmacy Benefits Managers. Advocates said this is a move that could save Texas over \$450 million a year. Pharmacists, however, voiced concerns that low reimbursement rates could put them out of business.

“My average cost to fill a prescription is \$12.44, so I've got to make \$12.44. This is nowhere close to the reimbursement restructure that they're anticipating,” said Dorinda Martin, who is the president of the Texas Pharmacy Association and runs two pharmacies of her own.

The Texas Health and Human Services Commission is responsible for implementing the new managed care system in South Texas. Representatives said reimbursement rate contracts for pharmacies will be monitored to ensure that the system is heading in the right direction.

Texas' new health care measures are set to begin March of 2012.