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Independent local pharmacies at risk as reimbursement environment prompting closures

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Owner Brandi Chane stands in front of an antique pharmacist's panel in Davis City Drug on the Weatherford Square.

Glenn Evans | Weatherford Democrat



Editor's note: This is the second story of a multi-part series on challenges rural pharmacies are facing.

Brandi Chane had spent maybe 20 minutes sharing more than a century of history on the Weatherford Square when a visitor asked how her Davis City Pharmacy is doing with prescription reimbursements.

She laughed, but not in the funny-haha way.

“So now we get to the meat of the problem,” she said. “Let me show you something.”

Out came her laptop, an interactive map of Texas on the screen. As Chane clicked a forward arrow, the state filled with dots as a 10-year span of pharmacy closures littered the map.

The 28 months from January 2022 to May 1 alone have witnessed the 537 Texas pharmacies. Of those, 403 were mom and pop shops not affiliated with a chain.

“We all have a story to tell,” Chane said. “But the worst part of this story is our time is severely limited if things don't change.”

The lion's share of prescription drugs distributed through health insurance policies are priced for the druggists by one of three entities called Pharmacy Benefit Managers.

“They control 80 to 95 percent of the market when it comes to prescription benefits,” she said.

As an example, Chane named three popular branded drugs, the Trelegy inhaler and blood-thinners Eliquis and Xarelto.

“If I buy one of those for \$500, the PBMs reimburse less money than it costs me to purchase the medications,” she said. “This isn’t once in a while, it’s every single day. ... To be in the (provider) network, we’ve got to OK these costs. There is no negotiating, it is what’s called a take-it-or-leave-it cost.”

The three Pharmacy Benefit Managers are CVS Caremark, Express Scripts and Optum Rx, she said. The trio of PBMs are respectively owned by Aetna Health Insurance, Evernorth Health Services and United Health Care.

“Now, they are the middle man where they have absolute control over what medications a patient can get, how much those medications cost and — even worse — they also own their own mail-order pharmacies,” Chane said. “So those PBMs are technically our competitors who are determining what we get paid.”

The dilemma is not exclusive to Davis City Pharmacy and its sister community of independent drug stores. But chains have more structure to backstop them.

“What I face is what every single other independent pharmacy owner faces,” Chane said. “And it’s that we are being systematically destroyed by Pharmacy Benefit Managers.”

In Brock, pharmacy technician Temple Baldrige masked her feelings with a smile, too, when asked about reimbursements to Clearfork Pharmacy.

“Terrible, terrible. It’s hard to keep the doors open and take care of the customers,” she said, her husband and store pharmacist, Steve, nodding beside the backside drive-through window.

“It’s harder when all these new medicines come out and then the doctors prescribe that,” she continued. “Most of the time, it’s not covered by insurance without the prior authorization from the doctor.

“Even then, it’s super expensive for the patient or we don’t get reimbursed.”

The fifth-year store owners are well-versed in the PBM problem.

“If you tell a customer you can’t get it because it costs too much, and the insurance finds out that’s what you’ve been telling your customers, they’ll drop you,” she said. “So we just eat it most of the time.”

Her husband credited PBMs for that loss, but he added that’s just the way it is.

“The PBM is sort of the middle man,” he said. “You’re obligated to fill the prescription. We sign a contract with the insurance companies, and the contract does contain our rates. But even those rates aren’t necessarily set in stone.”

And by that, he doesn’t mean sometimes they get better. The pharmacist then described DIRs, which is Medicare Part D shorthand for Direct and Indirect Remunerations.

“If the insurance company decides my reimbursement is more than they decided, now, that they wanted to (reimburse), if they wanted to they can collect the fees back,” he said. “Which is more and more common now. It’s very unfair, but it’s the system we operate in in order to provide medication to patients — you’re stuck. And you hope you can make enough money to stay open.”

Pharmacist Cathy Bohannon, at Diamond Pharmacy in the Mineral Wells Brookshire’s, says pharmacies are in a Catch-22 with insurers.

“Because you either sign the contract or ... they won’t put you in their network,” she said. “Pharmacy Benefit Managers, yes, they are just horrible. They are the ones that decide what our reimbursements are.”

She doesn’t ask customers to complain about that, though.

“If you call your insurer and say, ‘How come you’re not paying my pharmacy?’ they will drop (me),” she said, but laughed and reflected on the shifting waters pharmacies navigate. “We’re not millionaires by any means, but we just do the our best to stay afloat.”

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