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Op/Ed

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SEARCHING FOR THE BOTTOM OR SEARCHING FOR A BOTTOM LINE? Caremark dispute with Walgreens over WEA contract should raise concern for all

About two weeks ago Walgreens announced it would be discontinuing service to as many as 100,000 persons in Wisconsin (including thousands of Wisconsin teachers and their families) because it was being paid what the company considered an unacceptable amount by pharmacy benefit administrator Caremark to dispense prescriptions in the state. In response, Caremark indicated that it had offered to raise Walgreens' payment levels but the counter-offer was apparently also unacceptable.

As a for-profit health care provider, Walgreens, like other Wisconsin pharmacy providers, has every interest in serving consumers in their communities. As an insurer, WEA Trust, which has contracted with Caremark to administer the teacher's pharmacy benefit, is interested in providing access to the best quality health care services with the dollars that it has available. Are these two interests mutually exclusive? Certainly not; they can and must co-exist in order to have a reliable and sustainable health care system.

So, where is the problem and why does it exist?

As the cost of prescription drugs has increased over the past two decades, a new industry has emerged to "manage" this growing component of health care. This new industry has evolved into a Big 3, Little 10, group of companies called pharmacy benefit managers or PBM's. The "Big 3" (Caremark, Express Scripts and Medco) now pay for almost 90% of the prescriptions dispensed in this country. Insurers, unions and employers have contracted with these companies to administer the pharmacy benefits to those they insure and employ, respectively.

As part of their effort to both control costs for their clients (insurers and employers) and create their own sizable profits, PBM's have regularly and unilaterally reduced the amount they pay pharmacies to dispense medications and provide other medication-related services. In most cases, pharmacies — big and small — have been offered contracts on a take-it or leave-it basis. In most cases, pharmacies have taken it, at the expense of their own bottom line. Many owners of smaller pharmacies have not withstood the financial pressure and they have either closed or

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sold their businesses, often leaving neighborhoods and entire communities without the trusted service of their local pharmacist and access to medication. If this trend is not reversed, the growing number of persons who rely on a local pharmacy and the expertise of its pharmacists are in jeopardy. Consider this: if Walgreens with its 5,000 pharmacies nationwide can not financially afford to accept the Caremark contract, how could a single independent pharmacy or a pharmacy that is part of a hospital system be expected to accept such an offer over the long term?

What can be done?

We need more accountability and better stewardship in health care. We expect providers of health care services to treat their patients fairly and honestly and safely. Providers of health care services, including pharmacies, must be provided the same courtesy in the form of fair payment. We must demand that PBM's shift the contracting focus from one of trying to pay pharmacists as cheaply as possible for drugs, to the development of a system that pays for the cost of the drugs and professional services that ensure medicines are used properly. The health of our citizenry and the stability of our health care system require a commitment to quality by both the providers and purchasers of health care in this state.

A handwritten signature in black ink, reading "Christopher J. Decker". The signature is fluid and cursive, with the first name being the most prominent.

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