



NEW YORK STATE SENATOR
George M. Borrello

State's Shift of Institutional Pharmacy Services to Ohio-Based Chain Poised to Devastate Independent, Community-Based Pharmacies

GEORGE M. BORRELLO September 16, 2020

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ALBANY – Senator George Borrello and Assemblyman Andy Goodell today called on the state and the New York State Office for People with Developmental Disabilities (OPWDD) to reconsider a decision to transfer institutional pharmacy services to an Ohio company, at the expense of a New York State-based provider and its subcontracted independent pharmacies across the state.

The decision will mean the loss of \$30 - \$40 million annually in revenues for independent pharmacies in the state, potentially causing the closure of many and shifting those taxpayer

dollars out of New York State and into Ohio.

“Now, more than ever, the state should make it a priority to utilize New York State-based companies and small businesses to deliver critical services. Yet, this decision will achieve the opposite; it will actually take away business and revenue from independent pharmacies who have been providing vitally needed services to facilities in their areas for years. For many, it will result in the closure of their pharmacies and job losses, which will have a ripple effect in their communities,” Senator Borrello said.

In a letter to Governor Cuomo, Senator Borrello pointed to an example of the devastating consequences of the decision. An independent, MWBE-owned pharmacy in his district has been providing subcontracted institutional pharmacy services to DDSO (Developmental Disability Service Office) facilities and patients for several years. The changeover means a dramatic loss of the pharmacy’s revenue and will lead to layoffs.

Borrello and Goodell also underscored that the change will mean a diminished level of service for DDSO clients. The new pharmacy point of service is more than two hours away from the communities to be served in Chautauqua and Cattaraugus counties, which will mean longer wait times (and likely, higher costs) for emergency medication deliveries. Specialized medical items, such as feeding devices and formulas, will also no longer be easily available, as the out-of-state provider does not supply these items.

“This decision is also a bad one for the often medically fragile DDSO clients who rely on the personalized and immediate service these independent pharmacies have provided. Now, they will be at the mercy of an out-of-state provider whose business model and service locations are ill-suited to their needs,” he added.

“The state has an unfortunate track record of trying to cut costs through methods that ultimately prove to be more costly, such as its ill-conceived effort to centralize non-emergency medical transportation (NEMT), which was supposed to save the state money. Instead, transportation brokers ended up substituting public transit for single rider taxi services and costs skyrocketed by more than 1000 percent in some regions. By all accounts, this provider change is going down that same path,” said Senator Borrello.

Assemblyman Goodell also noted that the Ohio company has been the subject of several lawsuits, including a recent one initiated by the U.S. Department of Justice. The DOJ has

accused the pharmacy of putting the safety of patients at risk by filling prescriptions that had long expired or run out of refills. The allegation is the latest in a string of legal problems for the company. It settled federal lawsuits in 2016 and 2018 to resolve allegations of kickbacks. “The commitment of state funds to a corporation with ethical failings is an abdication of the state’s fiduciary duty to taxpayers. For these reasons and others, we are urging the state and OPWDD to reexamine and reverse this short-sighted decision,” said Assemblyman Goodell.

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