

S.1206 (Ramos)

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BILL S.1206 (Ramos)
SUBJECT Contracted Network Pharmacy Use
DATE May 10, 2022
OPPOSE

The Business Council opposes S.1026 (Ramos), which would allow non-network pharmacies to circumvent current law and regulation in order to sell medicines to workers' compensation claimants. This bill would reverse one of the few cost reductions included in the 2007 workers' compensation reform package.

The 2007 workers' compensation reform package supported by both business and organized labor, provided significant increases in workers' compensation benefits, the cost of which was meant to be offset by system reforms. Pharmaceutical networks were one such system reform, through which "volume discounts" could be offered to employers and claimants that were part of the network. This legislation would negate any benefit from the 2007 pharmacy network reform, by eliminating the basis on which networks would provide discounts in the first place.

New York's employers are seeing large and steady increases in overall workers' compensation program costs, driven by increases in maximum benefits indexed to increases in the state's average weekly wage, and to the extremely slow pace and inefficient implementation of key system reform measures. We believe that 2007 statutory requirements for pharmaceutical networks provided a workable, efficient program for claimants, with an opportunity for modest cost savings for employers.

There is no need for this bill since in-network pharmacies already have mechanisms in place to guarantee payment and out-of-network pharmacies are not permitted to dispense to workers' compensation claimants in the first place. We oppose this legislation because not only does it reward improper behavior, it was designed to erode one of the few 2007 cost reduction reforms, and thus contribute to further increases in workers' compensation program costs.

For these reasons, The Business Council opposes this bill.