

Suggestions based on October 2nd Questions raised

1. Economic Factors related to Closures, Openings, and Access
2. How a Prescription Moves from Factory to Patient: A Plain-Language Map of the Whole Supply Chain
3. Economic Pressures: Including Upstream Market Force
4. Technology and Future Access: Including Automated Dispensing Pharmacies
5. ERISA vs. State-Regulated Commercial Plans — Simplifying the Whys and Differences

1. Economic Factors related to Closures, Openings, and Access

Why: Pricing variation, workforce shortages, administrative complexity, and technology adoption are all non-clinical pressures directly tied to SR 33's mandate to examine "economic pressures, staffing availability, business arrangements, and geographic considerations."

Recommendation: Explicitly connect these systemic factors to real-world outcomes during the hearing. Highlight how reimbursement variability impacts financial stability, how workforce shortages affect operating hours and service levels, how administrative requirements place additional burdens on small businesses, how technology adoption can expand or limit access, and how employer contracting decisions shape market dynamics. Framing to assist in the understanding of how these pressures could impact pharmacy closures, consolidation, reduced hours, and access disparities across Montana.

2. How a Prescription Moves from Factory to Patient: A Plain-Language Map of the Whole Supply Chain

Recommendation: Show, step by step, who does what—from manufacturer to prescriber to pharmacy—demonstrating how choices affect what people pay, where they can fill a prescription, and whether local pharmacies stay open, without pointing fingers.

3. "Economic Pressures" Section to Include Upstream Market Force

Why: Legislators asked about R&D recovery timelines, company ownership, and manufacturing incentives — suggesting a desire to understand how macroeconomic factors shape the marketplace.

Recommendation: Include expert testimony or briefing materials explaining how global capital decisions, cost recovery cycles, and corporate ownership structures influence downstream pricing, contracting, and competitive conditions for pharmacies.

4. "Technology and Future Access" Segment – Including Automated Dispensing

Why: Questions about innovation and market evolution align with examining new models that could shape future access.

Recommendation: Present examples of automated dispensing kiosks and secure pickup units (such as those being deployed by large technology and retail companies) and discuss how similar tools could be integrated into Montana's pharmacy landscape. Explore whether current regulations support these models and consider pilot programs or incentives to help independent pharmacies adopt new technologies. This as an opportunity to enhance access and resilience, particularly in rural or underserved communities.

5. "ERISA vs. State-Regulated Commercial Plans" — Simplifying the Whys and Differences

Why: Legislators and stakeholders often conflate state-regulated insurance markets with self-funded employer plans governed by ERISA, leading to confusion about which policy tools apply where. Clarifying this distinction is essential to understanding why some reforms can be implemented at the state level while others are preempted by federal law.

Recommendation: Explain showing how ERISA establishes a single national standard for self-funded employer plans—preempting most state mandates—while fully insured commercial plans remain subject to state regulation. Emphasize that states can oversee insurer-issued products and PBM activities tied to those products, but generally cannot dictate benefit design or payment terms within ERISA-governed plans. This clarification will help the committee and public understand the limits of state authority and the practical boundaries for any future policy proposals.

SJ 33 cited language:

"examine and review the structure of the prescription drug supply chain... including: pharmacies, [PSAOs], pharmacy benefit managers, manufacturers, providers, wholesalers, patients, and health plans; ... using aggregated, publicly available, or voluntarily provided data"

"engage relevant stakeholders across the prescription drug supply chain... to ensure comprehensive and balanced input. Stakeholder feedback must be supported by citations, references, or source documentation sufficient to inform additional analysis and legislative consideration."

"develop and recommend statutory, regulatory, or rule changes... Each recommendation must clearly identify how the proposal would (a) improve or protect patient access... (b) address cost impacts on patients, payers, and the state; and (c) support the long-term sustainability of independent pharmacy operations."

“assess the methods, best practices, technologies, and policy approaches employed by state-administered health plans in other states... and evaluate their relevance and applicability to Montana.”

