

May 9, 2011

Presentation notes to the Nova Scotia law Amendments Committee: Bill 17 Fair Drug Pricing Act

Presented on behalf of Chisholm's Pharmacy, Aylesford NS; 902-847-3465

by Tim Van Zoost, Honors BSc; Heather Van Zoost, PhC; (owners) and Nicole Van Zoost, BBA.

Thank you for providing this opportunity to speak to this committee regarding the passing and implementation of Bill 17, Fair Drug Pricing Act.

In front of you are faces of rural, Independent, Pharmacy owners. Pharmacist's are people that are too often portrayed as counting "smartie beans" for a living, recently put wrongly in poor light, suggesting that we have been "unfair" in our drug prices. To the contrary we are highly trained, professional health care providers with huge liability risks making less than a 10% return on our pharmacy investment. We are instantly accessible and are one of the corner stones' of health care for the province of NS. **We execute and deliver your, the province of Nova Scotia's, Pharmacare program to the residents of NS and only ask for recognition and fair compensation in return.**

Chisholm's Pharmacy has been in existence since 1932, serving the community of Aylesford for 79 years. We purchased the business in 1992 from the founding family.

We believe Chisholm's Pharmacy has served this community well, offering seven day a week open hours plus holidays. Through our weekly and monthly nursing clinics, we do blood pressure readings including charting and monitoring follow ups as requested by many physicians. Glucose and cholesterol testing along with an affordable weekly foot care service is also offered. We provide pharmaceutical services and support to two nursing homes. We deliver prescriptions at no charge, snow storm or not. We have a conference room for public use, which for example is used for First aid training, hearing testing as well as for presentation of many informative health related topics. We deal on a daily basis with many medical situations requiring triage, ranging from anaphylactic allergic reactions, epileptic seizures, cardiac issues including ischemic attacks and a host of first aid requests and advice. Many interventions prevent trips to the emergency department while others of course have to be referred to the hospital. **However the public looks upon a pharmacy as a place where immediate health advice or attention, large or small can be readily obtained.**

This act if implemented in its present form, prior to a newly negotiated contract between the Pharmacy Association of Nova Scotia (PANS), and not taking into account this legislation forming part of the new tariff agreement, will create serious operating and financial consequences to our business. **Chisholm's Pharmacy's ability to offer Pharmacy Services as we do now to the residents of the community of Aylesford will be altered and jobs will be in jeopardy.**

At the stroke of a pen, required operating monies will be removed from the operations of our business. This will also impact future valuations and salability would be drastically affected. A life's work gone. My

daughter Nicole sits in front of you as a young person who went to St FX University, graduating with her BBA with aspirations of taking the business over. Since graduating in 2008 she has been working full time in the business, and controls all financial aspects of the business as well as human resources for our compliment of 14 employees. The business may provide little remaining opportunity for her to succeed her parents, obtaining ownership as previous generations have done before.

My wife Heather, a 1979 Dalhousie graduate of Pharmacy with rural community store ownership beginnings that year in the Town of Lockeport, sits in front of you dismayed that her loyalties as a "Nova Scotian" are being tested. She studied hard, worked hard, and heavily invested in this province. Paid taxes in this province and has never left this province seeking work or fortune elsewhere. She never thought that as a pharmacy owner entrepreneur, that her profession would be portrayed so poorly and to have to justify her value as a health professional in the way we are having to today after dealing with the health needs of thousands of Nova Scotian's over the past 32 years. It appears that if government doesn't like the market price of a service, they just legislate it otherwise. Conversely this government has increased 1400 fees for their services and added over 400 new employees.

What other health group(s) are you legislating such heavy handed measures with such drastic consequences? All others to my knowledge are getting some sort of raise. The full impact of this legislation will ultimately lead to severe wage decreases for pharmacists as in Ontario and **I trust that those pharmacists in your department and perhaps present in this room today, along with hospital pharmacists employed by the government of Nova Scotia with a fantastic benefit package unmet by the private sector, will have to endure the same cuts as indicated in any future wage and benefit survey tabulated by the Pharmacy Association of Nova Scotia.** Anything less than this will mean that the private sector will be unfairly left to compete in attracting and retaining a pharmacist to work in many rural community pharmacies. In rural communities this already is a problem and will only be amplified. Ms Dianna Whalen already referenced that there should be no double standard. **Can you assure me today that the same standards of pay will apply in the future for your government employed pharmacists?**

The potential impact of this legislation on our business will be in the range of \$95,000 and if this legislation is expanded to our entire book of business or adopted by the other third party payers, then it will be \$160,000. Members of the committee we feel we are begging for our continued existence as a rural pharmacy and I find this quite irreprehensible. We are the face of one of the "at risk" pharmacies. If I told you today that your household income was going to drop by 40-80% starting July 1 and that you have 12 months to adapt with no guidance on new opportunities to earn or increase your salary in a quantitative manner where would that put you? Would your house be in jeopardy? Would your family be potentially at risk to be on the street? **As government leaders you have taken on an agenda to correct the financial operations of this province in 2 -3 years, yet you ask it of our pharmacy to do it in 12 months with only promises of an acceptable compensation package yet to be satisfactorily negotiated.** My banker won't accept a promise or words like "trust me" or "no big deal" as some MLA's have suggested.

In this process you may not realize all the negative impacts of these changes, prior to a complimenting negotiated contract with PANs. The chain stores are gloating over the forthcoming opportunity to cheaply buy or even take market share from independent pharmacies .**Changes to our operating hours and staffing in order to maintain some resemblance of profitability provides predatory opportunity. Shoppers Drugs is openly stating that they will have predatory opportunity to expand market share at the cost to independents, and are using this as a means to support the current and future valuations of their stock.**

Other, perhaps unintended negative consequences will be that third party health plan providers will also piggy back on this legislation. It will take years to open and satisfactorily renegotiate a new fee schedule. Blue Cross Medivie has already indicated to us "good luck".

Let's look at Sun Life for a moment. Director's fees start at \$110,000 with additional member committee retainers of \$30,000. The chair of the board's base retainer is \$345,000. Total compensation for just the directors totaled \$2,250,696. Is that too much? Are we to increase their profitability at our own expense?

If a rural pharmacy attempts to reduce open hours store wide his front shop business goes across the street to the local "needs" or convenience store. Who owns these? It's either part of the Sobey's empire or Loblaw's. More money and power for them to get more cheap market share! The last significant legislative change to our business was regarding the sale of tobacco products and it cost us \$480,000 in sales and a loss of 1 ½ jobs. Who did it go to? The convenience stores supplied by the two significant corporate empires noted above.

May I remind you again that we have had a dispensing fee short fall compared to the real cost of dispensing in the range of \$5.00 for several years. Only through generic rebates and effective cash management have we been able to operate in the black with the existing services that we now offer. Dispensing gross margins have fallen in the past ten years from 29%to 17%. This is before any rebate or commercial terms. Any change here has to have a correlating offset negotiated at the same time. One revenue area cannot be discussed in isolation of the other components that make up our gross margin dollars used to pay wages and expenses along with the retirement of capital debt.

All pharmacies in this province gave a 15% discount in price to the Provincial Pharmacare program on the top 20 generic molecules,(50% of dollar volume usage) 4 years ago, saving the province millions. There has been no recognition of this. We were one of the leaders in the country on helping reduce the provinces drug spend.

To date you have enacted a new scope of practice which we welcome but in advance of a reimbursement schedule by your department of Health. This is creating problems at store level as the

public believes all is in place and come to the pharmacy “demanding “these services be provided. Several have been impatient, not waiting for a pharmacist to have the opportunity to address their issue and stormed out. Others are extracting a ½ hours counseling time, yet there is no compensation for the pharmacy.

I would also like to point out that “grocery”, and “Box” (food and mass) stores have not and cannot offer consultation in a private counseling room as they have none. This is now changing due to new laws introduced by the College of Pharmacy requiring such a space be dedicated. **The point to be made is that most of the enhanced pharmacy services have always fallen to the independent stores.**

Ask yourself, how many of the following services have you or your family members asked of your community pharmacy to do in the last number of weeks with no exchange of money.

Private counseling and consoling, sorting out of your elderly parent(s) medications. Compliance packaging it for them so they can maintain independent living in their own home for a while longer. This defers early entry to a nursing home or even an emergency department visit when meds are incorrectly taken. Which one of you, or a family member has taken their sick child to the pharmacy for help and advice. The alternative was a long wait at the emergency department. These are enormous cost savings to health care.

Have you asked your pharmacy to deliver medications on a regular basis including snow storms? Have you recently asked about allergic reactions or interactions of your prescription medications with an over the counter product receiving prompt advice? What about that funny rash, what about that tick bite. I can't get rid of this cough. Is it asthma or pneumonia. I am feeling dizzy, can you check my blood pressure. I need foot care service that I can afford. These are all common occurrences.

What about the very sick without a family doctor looking for advice?

Have you visited the pharmacy owner looking for donations for skating, hockey, soccer, base ball, church fundraisers, scouts, cubs, agricultural exhibitions, new sports complexes along with numerous other charities?

Has the health system requested required medical profiles for all hospital admissions? Requested Medical summaries and reports for income tax, insurance or for review when you go to the specialist?

What savings are created for our health care system if rural pharmacies are destabilized and put in jeopardy? What signal has been given to the business community? What other sectors are going to be targeted in our province. I hear no word that the government would dollar cap their portion of fuel and heating oil taxes rather than continue to collect under a percentage formula. That would help the poor rural seniors make ends meet.

This Bill 17 legislation flies in the face of your NDP's party election platform of championing, supporting and promoting small business.

It appears this family has put a life's work into our pharmacy profession for nothing but to watch it be taken away and given to the corporate of this province.

Referencing the Nova Scotia Teachers Union advertisement in the chronicle Herald May 7, 2011, I would like to echo their sentiments about the uncertainty, anxiety and worry with little or no regard to the impact, lives and livelihood that has been caused by the introduction of this legislation prior to and not in conjunction with, a newly negotiated Pharmacare contract.

I would like to close by saying that all we want is fair compensation for our services rendered and that the implementation of this legislation is done in conjunction with a new negotiated tariff agreement, rather than prior to and in isolation of the total compensation package offered to pharmacies.

On behalf of Chisholm's Pharmacy;

Tim Van Zoost

Heather Van Zoost

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