

The Drug Price Transparency in Medicaid Act – H.R. 6101

Improving transparency and preventing the use of spread pricing in Medicaid

Background: Pharmacy benefit managers (PBMs) continue to abuse the system and taxpayer-funded programs by engaging in spread pricing techniques. Spread pricing is the difference between the payment the PBM receives from the state or MCO and the reimbursement amount it pays to the pharmacy

Multiple state Medicaid programs have indicated PBMs are using spread pricing as a way of overcharging taxpayers for their services, with Arkansas, Georgia, Kentucky, Louisiana, Maryland, New Hampshire, New York, Ohio, Pennsylvania, and Virginia prohibiting spread pricing in their Medicaid managed care programs. Congress should act to eliminate spread pricing in all Medicaid managed care programs.

Solution: Bring Transparency to the Medicaid Program and Prevent the Use of Spread Pricing by PBMs

The *Drug Price Transparency in Medicaid Act* was introduced as H.R. 6101 by Reps. Buddy Carter (R-Ga.) and Vincente Gonzalez (D-Tx.). It would bring transparency to the Medicaid program by:

- Prohibiting spread pricing/requiring a full pass-through in all Medicaid managed care programs.
- Requiring pharmacy reimbursements in all state Medicaid managed care programs be at a rate of pharmacy's average acquisition costs and the state's Medicaid fee for service dispensing fee.
- Limiting payments to PBMs to solely administrative fees.
- Mandating National Average Drug Acquisition Costs (NADAC) reporting to CMS by all pharmacies participating in state Medicaid programs. This provision would provide much needed transparency in drug pricing and allow reimbursements to reflect the true acquisition costs of prescription drugs in Medicaid.

Passing H.R. 6101 will:

- Save taxpayers billions by eliminating wasteful spread pricing. Spread pricing allows PBMs to collect taxpayer dollars without reducing the costs of drugs for Medicaid patients
- Provide much needed transparency in state Medicaid managed care pharmacy programs.
- Require all pharmacies to report acquisition costs of prescription drugs.
- Allow pharmacies to be reimbursed at an appropriate rate for dispensing medications to Medicaid patients.