Comprehensive PBM reform in Medicare Part D & Medicaid managed care

The Modernizing and Ensuring PBM Accountability (MEPA) Act is a comprehensive PBM reform package sponsored by Chairman Ron Wyden (D-OR) and Ranking Member Mike Crapo (R-ID), which advanced out of the Senate Finance Committee on a bipartisan vote of 26-1. The legislation contains several provisions to bring transparency to PBMs and their influence on drug prices, while reining in anticompetitive practices they employ in Medicare Part D and Medicaid managed care. The bill would delink PBM compensation from the cost of medications so that PBMs are no longer benefiting from ever increasing list prices and rebates. Several other provisions were offered as amendments and could be added into the package before floor consideration, including requiring CMS to define and enforce “reasonable and relevant” contract terms and ensuring seniors access to community pharmacies in underserved areas when using Medicare Part D plans with preferred networks. Key NCPA priorities included in the package are:

- **S. 1038**, the Drug Price Transparency in Medicaid Act, which was introduced by Sens. Peter Welch (D-VT) and Roger Marshall (R-KS). This provision prohibits the use of spread pricing in Medicaid managed care programs and would move to a fair and transparent pharmacy reimbursement system based on average acquisition costs plus the state’s Medicaid fee-for-service dispensing fee. It requires all pharmacies to respond to the National Average Drug Acquisition Costs (NADAC) survey.
- **S. 2052**, the Protect Patients Access to Pharmacies Act, which was introduced by Sens. Jon Tester (D-MT), Shelley Moore Capito (R-WV), Sherrod Brown (D-OH), and James Lankford (R-OK). This provision reforms Medicare Part D by clarifying and providing enforcement tools for the any willing pharmacy law. It accomplishes this by requiring standardized metrics for all plans that measure quality and claim-level transparency on pricing from plan sponsors to pharmacies. Lastly, an amendment was proposed to require that, at a minimum, a pharmacy’s costs to acquire and to dispense a covered Part D drug to beneficiaries are covered. This legislation completes pharmacy DIR fee reforms that were finalized by the Biden administration last year.
- **S. 2405**, the Strengthening Pharmacy Access for Seniors Act, which was introduced by Sens. John Thune (R-SD), Sherrod Brown (D-OH), John Barrasso (R-WY), and Debbie Stabenow (D-MI). This provision requires PBMs to disclose criteria used to classify drugs as specialty and prevents patient steering to PBM-affiliated specialty pharmacies.

PBM Transparency for plan sponsors and consumers

S. 127, the Pharmacy Benefit Manager Transparency Act of 2023, would increase drug pricing transparency for employers and plan sponsors and hold PBMs accountable for anticompetitive practices that drive up the costs of prescription drugs at the expense of consumers. The legislation, sponsored by Sens. Maria Cantwell (D-WA) and Chuck Grassley (R-IA), would ban deceptive, unfair pricing schemes; prohibits spread pricing and arbitrary clawbacks of payments made to pharmacies; and requires PBMs to report to the Federal Trade Commission (FTC) how much money they make through spread pricing and pharmacy fees. The legislation also clarifies the enforcement authority of the FTC and state attorneys general to prohibit unfair or deceptive business practices that PBM-insurers use against community pharmacies.

Founded in 1898, the National Community Pharmacists Association is the voice for the community pharmacist, representing over 19,400 pharmacies that employ nearly 240,000 individuals nationwide. Community pharmacies are rooted in the communities where they are located and are among America’s most accessible health care providers. For more information visit ncpa.org.