

May 11, 2023

Dear Distinguished Members of the Health and Human Service (HHS) Omnibus Bill Conference Committee:

The National Community Pharmacists Association (NCPA) is writing to express its support for the Medicaid pharmacy benefit “carve-out” found in the House version of the HHS Omnibus bill with its inclusion of a full dispensing fee based on the State’s fee-for-service program’s reimbursement methodology.

NCPA represents the interest of America’s community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and nearly 160 independent community pharmacies in Minnesota. These pharmacies employed more than 1,900 individuals and they filled approximately 10 million prescriptions in 2021.

We urge you to move forward with the carve-out to protect Minnesota’s Medicaid beneficiaries, taxpayers, and community pharmacies with the superior transparency of a fee-for-service program. New York, California, Missouri, North Dakota, Tennessee, West Virginia, and Wisconsin have carved their pharmacy benefits out of the Medicaid managed care programs, and Nevada plans to do the same for fiscal year 2023. This move helped West Virginia save over \$54.4 million¹ and North Dakota save \$17 million² in Medicaid spending in one year by carving its Medicaid pharmacy benefits out of the managed care program. California estimates that the carve out will save at least \$150 million a year.³

Not only do MCOs/PBMs waste taxpayer dollars, but they also threaten patient access to community pharmacy services. And the problems are not unique to Minnesota. An audit of Florida’s Medicaid managed care program found Medicaid beneficiaries were steered to MCO/PBM-owned pharmacies, which were reimbursed at higher rates than non-affiliated pharmacies for dispensing the same specialty drugs.⁴ Keeping Medicaid prescription drug benefits in the managed care program allows MCO/PBM conflicts of interest to supersede beneficiaries’ ability to make healthcare decisions for themselves.

The above examples of states benefiting from carving-out the pharmacy benefit were only possible with the consistency of fair and adequate reimbursement utilized by their states’ fee-for-service programs. To require one-half the dispensing fee, as found in SF 2995, is to negate the carve-out’s value. The proposed use of NADAC (National Average Drug Acquisition Cost) for product reimbursement, which we support, reflects lower reimbursement than what is currently paid by PBMs. However, when utilized with the State’s professional dispensing fee approved by the Centers for Medicare and Medicaid Services, both reimbursement mechanisms will be cost-based and data-driven. Anything less is to put independent community pharmacies consistently underwater and to risk patient access.

1 <https://dhr.vv.gov/bms/News/Pages/West-Virginia-Medicaid-Pharmacy-Savings-Report-is-Now-Available!-.aspx>

2 <https://www.nd.gov/dhs/info/testimony/2021/house-approp-hr/hb1012-medical-services-overview-expansion-1-14.pdf>

3 <https://lao.ca.gov/reports/2020/4161/Medi-Cal-Budget-021420.pdf>

4 Milliman, Florida Agency for Health Care Administration: Pharmacy Benefit Manager Pricing Practices in Statewide Medicaid Managed Care Program (Dec. 2020)

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We urge you to proceed with the carve-out using a full professional dispensing fee based on the State's fee-for-service program. Thank you for your time and consideration. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style with a large initial "J" and "K".

Joel Kurzman

Director, State Government Affairs