

January 22, 2024

The Honorable Elizabeth Thomson  
Chair, House Health and Human Services Committee  
P.O. Box 27654  
Albuquerque, NM 87125

Re: Support for HB 165

Dear Chair Thomson and Members of the Committee:

The National Community Pharmacists Association (NCPA) is writing to express its strong support for HB 165, legislation that will bolster patient access and taxpayer accountability by ensuring transparent and cost-based pharmacy reimbursement.

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 more than 59 independent community pharmacies in New Mexico. These pharmacies employed more than 725 individuals and they filled nearly 3.8 million prescriptions in 2021, generating approximately \$157 million in total sales.

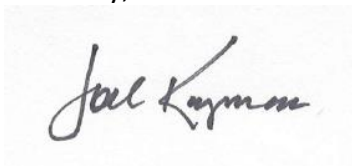
We strongly support the transparent reimbursement methodologies proposed in HB 165. The bill proposes to use the National Average Drug Acquisition Cost (NADAC) benchmark for product reimbursement, which is both nationally recognized and updated weekly to ensure its accuracy. The bill proposes to use similarly transparent cost-based professional dispensing fees that are regularly updated to ensure they reflect a community-based pharmacy's actual cost to dispense. In tandem, these two methodologies ensure fair and adequate reimbursement to community-based pharmacies while providing necessary transparency and predictability to policymakers and taxpayers.

Recognizing the value to taxpayers of requiring transparent reimbursements in their Medicaid managed care programs, Arkansas, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, and Ohio (dispensing fees vary based on volume) require MCOs and PBMs to reimburse pharmacies at the same rates established under the fee-for-service program. If such transparent reimbursement methodologies were adopted nationwide, federal Medicaid spending would drop by almost \$1 billion over 10 years.<sup>1</sup> Advancing HB 165 will set New Mexico down this path towards cost savings.

<sup>1</sup> <https://www.finance.senate.gov/imo/media/doc/2020-03-13%20DPRA-SFC%20CBO%20Table.pdf>

We wish to thank Representatives Armstrong and Jaramillo for their sponsorship of the bill. We urge your support. 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](mailto:joel.kurzman@ncpa.org).

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style and is centered within a light gray rectangular box.

Joel Kurzman  
Director, State Government Affairs

2 <https://dhhr.wv.gov/bms/News/Pages/West-Virginia-Medicaid-Pharmacy-Savings-Report-is-Now-Available!-.aspx>

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

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