

March 11, 2024

The Honorable James C. Justice
Governor, State of West Virginia
State Capitol
1900 Kanawha Blvd. E
Charleston, WV 25305

Dear Governor Justice:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of SB 453, legislation to establish transparent, cost-based reimbursement to pharmacies serving members of the West Virginia Public Employees Insurance Agency (PEIA).

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 approximately 195 independent community pharmacies in West Virginia. These pharmacies employed more than 2,300 residents and they filled nearly 13 million prescriptions in 2022.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market¹, the three largest PBM's control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA strongly supports the bill's use of a transparent cost-based reimbursement methodology such as used by the state's Medicaid fee-for-service program. We support SB 453's proposal to use the National Drug Average Acquisition Cost benchmark (NADAC), an objective, evidence-based drug pricing benchmark updated on a monthly basis. By tying the drug ingredient costs to NADAC, the bill would ensure that PEIA has more information about how its money is being used. NCPA also supports the use of a professional dispensing fee from a recent cost of dispensing survey conducted by the State's Medicaid program. We encourage the Bureau for Medical Services to conduct regular cost of dispensing surveys to keep the professional dispensing fee updated and reflective of a pharmacy's cost to dispense.

SB 453 will also improve transparency and save money by curtailing spread pricing. Spread pricing can end up costing plan sponsors millions of dollars in overcharges, as officials in Ohio, Kentucky, and other

¹ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

states have found after investigating the PBMs serving state-funded benefit plans.³ This critical transparency provision will ensure PEIA's health care dollars are actually going towards patient care rather than into PBMs' pockets. To further improve transparency in the program, we urge that the legislation be amended to require the sharing of all PBM data.

SB 453 has passed both chambers with unanimous support. We urge you to sign this critical legislation into law. 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 and is centered within a light gray rectangular box.

Joel Kurzman
Director, State Government Affairs

³Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>. Kentucky Department for Medicaid Services, *Medicaid Pharmacy Pricing: Opening the Black Box* 5, 8 (Feb. 19, 2019), https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf.