

April 11, 2024

The Honorable Joseph Solomon
Chair, House Committee on Corporations
703 West Shore Road
Warwick, RI 02889

Re: HB 7720 – NCPA supports

Via email: Rep-soloman@rilegislature.gov and HouseCorporations@rilegislature.gov

Dear Chair Solomon and Members of the Committee:

The National Community Pharmacists Association is writing to express its strong support for HB 7720, which would help control drug costs in Rhode Island, provide transparency for patients, employers, and the State regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

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 about 18 independent community pharmacies in Rhode Island. These pharmacies employed more than 210 individuals and they filled nearly 1.2 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 floor. We support the 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 ensures plan sponsors and payers have more information about how their money is being used by their PBMs, avoiding spread pricing. NCPA also supports the use of the state's Medicaid fee-for-service professional dispensing fee. We encourage regular cost of dispensing surveys to ensure this figure remains reflective of a pharmacy's cost to dispense. Rhode Island would follow West Virginia, Tennessee, and Kentucky in having a transparent, cost-based reimbursement model in the commercial market.

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](#)

NCPA also strongly supports the bill's enforcement provisions. We support the Office of the Insurance Commissioner as the primary oversight authority and respectfully recommend amending the word "may" to "shall" on line 7 of page 2 to ensure the bill actualizes its intent to address bad behavior by PBMs. We also appreciate the inclusion of the Attorney General in this section, recognizing the roles both the Attorney General and Insurance Commissioner can play in law enforcement.

We urge you to advance HB 7720. We thank the bill sponsors for recognizing the importance and value of transparent cost-based pharmacy reimbursement. Thank you for receiving our perspective. If you have any questions, please do not hesitate to contact me at joel.kurzman@ncpa.org or (703) 600-1186.

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

CC: [Honorable Members of the House Committee on Corporations](#)