

June 28, 2024

The Honorable Mike Jacobson
Vice Chair, Banking, Commerce, and Insurance Committee
P.O. Box 94604
Lincoln, NE 68509

Dear Senator Jacobson and members of Banking, Commerce, and Insurance Committee,

Thank you for the opportunity to provide feedback per L.R. 431. We appreciate how Nebraska lawmakers are beginning to understand action is needed to address the egregious business practices of Pharmacy Benefit Management (PBM) companies and the risks they pose to patients.

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 140 independent community pharmacies in Nebraska. These pharmacies employed over 1,600 individuals and they filled approximately 9 million prescriptions in 2022. We are proud to partner with the Nebraska Pharmacist Association in service of our mutual members.

Independent pharmacies are closing at a rate of nearly one per day across the United States.¹ In Nebraska, there were just over 200 independent pharmacies in 2019, a 30% reduction in just five years. We believe this trend reflects the myriad challenges arising from the predatory business practices of Pharmacy Benefit Management companies and inadequate reimbursement.

The importance of having pharmacies in the community providing health care cannot be overstated. Over 90% of Americans live within five miles of a community pharmacy,² and more than any other segment of the pharmacy industry, independent community pharmacies are often located in underserved rural and urban areas. These pharmacies are frequently the most accessible healthcare providers in many Nebraska communities and are vital in the provision of immunizations, testing, and other services.

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 market³, the three largest PBM's control 80% of the prescription drug market⁴ giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

¹ <https://ncpa.org/newsroom/news-releases/2024/02/27/local-pharmacies-brink-new-survey-reveals>

² NCPDP Pharmacy File, ArcGIS Census Tract File, NACDS Economics Department.

³ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

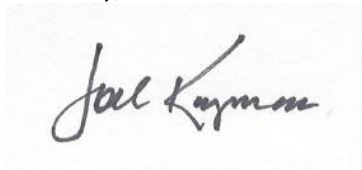
⁴ [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

While NCPA could recommend wide ranging reforms to address specific PBM business practices, we urge Nebraska policymakers to focus on pharmacy reimbursement. In light of the challenges facing independent pharmacy environment as outlined above, stabilizing the pharmacy ecosystem is imperative. Nebraska took great strides with the enactment of LB 204, legislation creating a Managed Medicaid reimbursement floor for independent pharmacies with six or less locations based on the state's Medicaid fee-for-service reimbursement methodology of NADAC (National Average Drug Acquisition Cost) plus a professional dispensing fee. States that have enacted similar measures have realized considerable savings for taxpayers.

NCPA urges Nebraska policymakers to require the NADAC plus a professional dispensing fee model in the commercial market, following the lead of West Virginia, Tennessee, and Kentucky. This transparent, cost-based reimbursement can produce savings for employers just as it has for state Medicaid agencies across the country. Medicaid data is publicly available and demonstrates the savings. However, for obvious reasons PBMs do not share data to allow the demonstration of these potential savings in the commercial market. Nevertheless, states and employers alike are beginning to realize that PBMs are not serving them well by opposing transparent cost-based reimbursement to community pharmacies.

Thank you for receiving our perspective. NCPA stands ready to assist stakeholders in Nebraska as they proceed towards further study of supply chain issues. With PBM issues well studied in many other states, we urge the Unicameral to transition quickly towards substantive action for the sake of independent pharmacies and the patients they serve in Nebraska.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive, flowing style.

Joel Kurzman
Director, State Government Affairs