

February 3, 2025

The Honorable Ryan Mishler
Chair, Appropriations Committee
200 W. Washington Street
Indianapolis, Indiana 46204

Dear Chair Mishler and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of SB 140, which would help streamline and control drug costs in Indiana, provide transparency for patients and State payers regarding their prescription drug benefits programs, and curtail some of the many egregious business practices of pharmacy benefit managers (PBMs).

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 123 independent community pharmacies in Indiana. These pharmacies employed approximately 1,328 residents and they filled over 7.3 million prescriptions in 2023.

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 the National Average Drug Acquisition Cost (NADAC) benchmark as a floor for product reimbursement. While not perfect, NADAC is an average that is determined by a monthly nationwide survey, which usually makes its reimbursement fair and reasonable to community pharmacies. We also support the use of a survey-based dispensing fee per the state's Medicaid fee-for-service methodology. We urge regular cost of dispensing surveys to keep the professional dispensing fee updated and reflective of a pharmacy's cost to dispense.

NCPA also supports the prohibition of the many types of pernicious fees PBMs use to claw back pharmacy reimbursement. When a PBM has reimbursed a pharmacy for filling a prescription, it is not uncommon for the PBM to claw back a portion of the reimbursement days, weeks, or even months later, and often under the guise of effective rate reconciliations or "transaction fees." However, a patient's cost share is not similarly retroactively adjusted. This means that a patient's cost share is based on an arbitrarily inflated figure. By prohibiting retroactive claim reductions, SB 140 will ensure patients' cost shares more accurately reflect the true cost of their health care services.

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](#)

Additionally, we believe SB 140 is prudent to define specialty pharmacy. PBMs often are expansive in how they classify specialty drugs, making the definition fit their financial interests either via reimbursement or network advantage. None of these PBM specialty pharmacy shenanigans are in the interest of patients. Providing a definition will be a useful level set.

We urge you to advance this critical legislation. We want to thank Senators Charbonneau and Johnson for their authorship of the bill. 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 dark ink, reading "Joel Kurzman". The signature is written in a cursive, flowing style. The first name "Joel" is written in a larger, more prominent script, and "Kurzman" follows in a similar but slightly smaller script. The signature is centered within a light gray rectangular box.

Joel Kurzman
Director, State Government Affairs