

April 1, 2025

The Honorable Corlie Ellis  
Chair, House Insurance Standing Committee  
11 South Union Street, Suite 404  
Montgomery, AL 36130

Dear Chair Ellis and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support SB 252, legislation to help control drug costs in Alabama, provide transparency for patients and employers 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 approximately 471 independent community pharmacies in Alabama. These pharmacies employed more than 5,000 residents and they filled over 28 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 market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> 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 supports SB 252's prohibition of spread pricing because it will improve transparency. Spread pricing can end up costing plan sponsors millions of dollars in overcharges, as officials in Ohio, Kentucky, and other states have found after investigating the PBMs serving state-funded benefit plans.<sup>3</sup> This critical transparency provision will ensure payers' and patients' health care dollars are actually going towards their care, instead of into PBMs' pockets. The Centers for Medicare and Medicaid Services is concerned that PBMs' use of "spread pricing is inflating prescription drug costs that are borne by beneficiaries and

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

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

<sup>3</sup> Auditor 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](https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf)

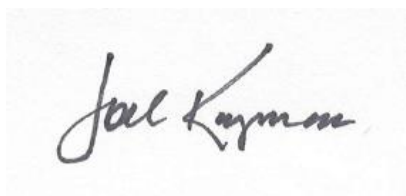
taxpayers,” and CBO estimates that moving to transparent pharmacy reimbursement and eliminating spread pricing will save \$2 billion over 10 years.<sup>4</sup>

NCPA strongly supports using transparent cost-based pharmacy reimbursement methodologies as proposed in the bill. This is not a novel approach as both the states of West Virginia<sup>5</sup> and Tennessee<sup>6</sup> have enacted similar provisions. This transparent reimbursement approach will ensure that both the insured and plan sponsor know how their money will be spent. We support the proposal’s use of transparent benchmarks such as Alabama’s average acquisition cost methodology. We similarly support use of a regularly updated dispensing fee based on pharmacies’ cost to dispense using the Centers for Medicare and Medicaid Services (CMS)-approved figure. Anything less than cost-based reimbursement is asking small business pharmacy owners to subsidize the PBMs and payers, who are typically Fortune 10 companies.

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 252 will ensure patients’ cost shares more accurately reflect the true cost of their health care services.

In closing, NCPA strongly supports SB 252 and thanks Senator William Beasley and the many Senate sponsors for their leadership on the bill. Thank you for receiving our perspective. 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 fluid and cursive, with the first name "Joel" and last name "Kurzman" clearly legible.

Joel Kurzman  
Director, State Government Affairs

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<sup>4</sup> [https://www.finance.senate.gov/imo/media/doc/cbo\\_estimate\\_of\\_the\\_better\\_mental\\_health\\_care\\_lower-cost\\_drugs\\_and\\_extenders\\_act\\_and\\_certain\\_provisions\\_of\\_the\\_modernizing\\_and\\_ensuring\\_pbm\\_accountability\\_mepa\\_act.pdf](https://www.finance.senate.gov/imo/media/doc/cbo_estimate_of_the_better_mental_health_care_lower-cost_drugs_and_extenders_act_and_certain_provisions_of_the_modernizing_and_ensuring_pbm_accountability_mepa_act.pdf) and [https://www.finance.senate.gov/imo/media/doc/cbo\\_estimate\\_of\\_the\\_better\\_mental\\_health\\_care\\_lower-cost\\_drugs\\_and\\_extenders\\_act\\_and\\_certain\\_provisions\\_of\\_the\\_modernizing\\_and\\_ensuring\\_pbm\\_accountability\\_mepa\\_act.pdf](https://www.finance.senate.gov/imo/media/doc/cbo_estimate_of_the_better_mental_health_care_lower-cost_drugs_and_extenders_act_and_certain_provisions_of_the_modernizing_and_ensuring_pbm_accountability_mepa_act.pdf)

<sup>5</sup> [West Virginia Code 33-51-9 \(e\)](#)

<sup>6</sup> [Tennessee Code 56-7-3206 \(c\)\(1\) and \(f\)](#)