



2025

INDEPENDENT COMMUNITY PHARMACY LEGISLATIVE PRIORITIES

THE PROTECTING PHARMACIES IN MEDICAID ACT (S. 927) *Improving transparency and preventing the use of spread pricing in Medicaid*

Background: Pharmacy benefit managers (PBMs) continue to abuse the system and taxpayer-funded programs by engaging in spread pricing techniques. Spread pricing is the difference between the payment the PBM receives from the state or managed care organization and the reimbursement amount it pays to the pharmacy. The PBM keeps that difference – the “spread” – as profit.

Many state Medicaid programs have found PBMs are using spread pricing as a way of overcharging taxpayers for their services. Arkansas, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Nebraska, New Mexico, North Carolina, and Ohio now require transparent, cost-based reimbursement to avoid spread pricing and to save money. Congress should act to eliminate spread pricing in all Medicaid managed care programs.

Solution: Bring transparency to the Medicaid program and prevent the use of spread pricing by PBMs.

The *Protecting Patients in Medicaid Act (S. 927)* was introduced by Sens. Peter Welch (D-Vt.), Roger Marshall (R-Kan.), Mark Warner (D-Va.), and Bill Cassidy (R-La.). It would bring transparency to the Medicaid program by:

- Prohibiting spread pricing/requiring a full pass-through in all Medicaid managed care programs.
- Requiring pharmacy reimbursements in all state Medicaid managed care programs be at a rate of pharmacy’s average acquisition costs and the state’s Medicaid fee-for-service dispensing fee.
- Limiting payments to PBMs to solely administrative fees.
- Mandating National Average Drug Acquisition Cost reporting to CMS by all pharmacies participating in state Medicaid programs. This provision would provide much-needed transparency in drug pricing and allow reimbursements to reflect the true acquisition costs of prescription drugs in Medicaid.

Passing this legislation will:

- Save taxpayers over \$2 billion by eliminating wasteful spread pricing. Spread pricing allows PBMs to collect taxpayer dollars without reducing the costs of drugs for Medicaid patients.
- Provide much-needed transparency in state Medicaid managed care pharmacy programs.
- Require all pharmacies to report acquisition costs of prescription drugs.
- Allow pharmacies to be reimbursed at an appropriate rate for dispensing medications to Medicaid patients.



Founded in 1898, the National Community Pharmacists Association is the voice for the community pharmacist, representing nearly 19,400 pharmacies that employ 215,000 individuals nationwide. Community pharmacies are rooted in the communities where they are located and are among America’s most accessible health care providers. [To learn more, visit www.ncpa.org.](http://www.ncpa.org)