

Steven C. Anderson, IOM, CAE
President & Chief Executive Officer

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Dear Governor.....:

As you engage with the incoming Trump Administration and prepare for the upcoming 115th Congress and potential healthcare reforms, we ask that you consider the value of community pharmacy in your efforts to provide improved quality of care at lower overall healthcare costs. Particularly with respect to healthcare markets and state Medicaid programs, policies that reduce local pharmacy access lead to poorer health outcomes, ultimately resulting in increased future healthcare costs. We believe you should consider policy proposals that, at a minimum, ensure that beneficiary access to community pharmacies is protected. Moreover, as you consider options to improve overall healthcare delivery, we remind you that community pharmacies are fully equipped to provide better care at a lower cost and stand ready to assist. We hope that you will let the incoming Administration and Congress know of the importance of protecting pharmacy services in Medicaid and Medicare as they consider healthcare reform proposals.

Pharmacy services improve quality of life and healthcare affordability. Helping patients take their medications effectively and providing preventive services, pharmacists help avoid more costly forms of care down the line. Nearly all Americans (91%) live within five miles of a community retail pharmacy. As Americans' most convenient and accessible healthcare provider, we look forward to continuing to work with you to ensure that your state's patients continue to maintain ready access to cost-effective and critical pharmacy services.

The National Governor's Association (NGA) in the publication *The Expanding Role of Pharmacists in a Transformed Health Care System*¹ recognized the value of pharmacists and their untapped potential. The NGA publication advocates that as the demand for healthcare services continues to grow, pharmacists should be allowed to expand their role by collaborating with physicians and other healthcare providers to meet patients' needs. Americans from every state have come to rely on their local pharmacists as trusted, highly accessible healthcare providers that remain deeply committed to properly and efficiently dispensing prescriptions as well as helping patients with medication adherence, that is, with taking medications as prescribed.

The importance of medication adherence and maintaining access to community pharmacists cannot be overstated. Improving medication adherence can help better manage care while lowering the overall costs of healthcare. Medications are the primary

¹ *The Expanding Role of Pharmacists in a Transformed Health Care System*; National Governors Association; January 2015.

method of treating chronic disease, and are involved in 80% of all treatment regimens. Unfortunately, poor medication adherence costs the nation approximately \$290 billion annually – 13% of total healthcare expenditures – and results in health complications, worsening of disease progression, emergency room visits, and hospital stays, all of which are avoidable and costly. Our nation’s inadequate medication adherence rate is associated with about \$47 billion annually for hospitalizations, and an estimated 40% of nursing home admissions.² Research has also shown that a 1% increase in overall prescription drug use was associated with decreases in total non-drug Medicaid costs by as much as 0.167%,³ which is equal to approximately \$760 million annually. By helping patients take their medications effectively and providing preventive services, pharmacists can continue to help avoid more costly healthcare interventions.

With respect to the Medicaid program, among our highest priorities for keeping costs to a minimum while providing the best care possible are ensuring fair and adequate reimbursement for prescription drugs dispensed to Medicaid beneficiaries and adequate reimbursement for the associated costs of providing those prescription drugs. This year, the Centers for Medicare and Medicaid Services issued the Covered Outpatient Drugs Final Rule (Final Rule), implementing cost-based pharmacy reimbursement for the Medicaid population. The purpose of the Final Rule was to implement the changes to the Medicaid Drugs Rebate Program and prescription drug reimbursement system as enacted by provisions in the Affordable Care Act (ACA), which includes using Average Manufacturer Price (AMP)-based federal upper limits (FULs) for generic drugs. If implemented properly, the shift to cost-based reimbursement methodologies can lead to fair and adequate payment levels that reflect the cost of providing needed healthcare services to Medicaid beneficiaries, thus helping to maintain their access to high quality, cost-effective pharmacy services. The provisions concerning the AMP-based FULs should be preserved in any effort to reform the ACA in order to guarantee fair and accurate reimbursement and to help preserve beneficiary access to needed medications. We ask for your support in preserving AMP-based FUL provisions.

Retail community pharmacists are improving health and reducing costs not only by facilitating the better use of medications and improved adherence, but also by serving as a more cost-effective healthcare provider of immunizations. Pharmacies have emerged as leading partners in the fight to eradicate vaccine-preventable diseases. As it stands today, community pharmacies are leading providers of adult vaccinations in the United States, with nearly 1 in 4 adults receiving a vaccination in a community pharmacy. Immunizations, including those administered by pharmacists, help prevent 14 million cases of disease and 33,000 deaths every year.

² New England Healthcare Institute, 2009.

³ “Increased Use of Prescription Drugs Reduces Medical Costs in Medicaid Populations;” *Health Affairs*; September 2015, vol. 34, no. 9, p. 1586-1593.

Our nation's pharmacies could have the ability to provide even greater value beyond improving adherence and being a leading provider of immunizations. As discussed in the NGA publication referenced above,⁴ pharmacists are capable of providing many other cost-saving services, including health testing and helping manage chronic conditions such as diabetes and heart disease. However, the lack of pharmacist recognition as a provider by third-party payers, including Medicare and Medicaid, limits the number and types of services pharmacists can provide, even though fully qualified to do so. As the most readily accessible healthcare provider, pharmacists are well positioned to ensure patient access. This is especially critical in medically-underserved areas. With this in mind, we ask that you support federal legislation to allow Medicare Part B to utilize pharmacists to their full capability by providing underserved beneficiaries with services not currently reaching them. This important legislation would lead not only to reduced overall healthcare costs, but also to increased access to healthcare services and improved healthcare quality, all of which is vital to ensuring a strong health care delivery system.

As you examine health care policy proposals, it is important that beneficiary access to pharmacies is protected. Policies that negatively impact local pharmacy access lead to poorer health outcomes, ultimately resulting in increased future healthcare costs. Moreover, we ask that you consider the public health and cost benefits of expanded pharmacist roles in a transformed healthcare system. We hope that you would share these perspectives with the incoming Administration and Congress as you discuss the impact of healthcare reform proposals in the Medicaid and Medicare programs. We thank you for considering our perspectives on these matters, and we welcome any opportunities to work with your state administration and healthcare policymakers.

Sincerely,

Steven C. Anderson, IOM, CAE
President and Chief Executive Officer

⁴ *The Expanding Role of Pharmacists in a Transformed Health Care System*; National Governors Association; January 2015.