

April 9, 2014

The Honorable Kathleen Sebelius
Secretary
United States Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: One Year Transition Period for State Implementation of Average Manufacture Price (AMP)-based Federal Upper Limits (FULs)

Dear Secretary Sebelius:

The undersigned organizations, representing the diverse interests of pharmaceutical care stakeholders, from manufacturers to pharmacists and pharmacies, have serious concerns about the Centers for Medicare and Medicaid Services' (CMS) plans to implement Medicaid AMP-based FULs in July 2014, and urge you to allow states a one-year transition period.

In November 2013, CMS announced that the final publication of the Medicaid AMP-based FULs would occur in July 2014 and have since clarified that the AMPs should be used by states once finalized in July. Given CMS' expectation that states adjust both the drug reimbursement and dispensing fees for Medicaid reimbursement by July 2014, we are concerned that many states are not ready to make such a quick transition. Therefore, we are requesting that CMS allow states a transition period for implementation of the FULs and corresponding dispensing fee changes to be one year from the time the states have everything they need for implementation from CMS.

While CMS may be ready to implement changes to the ingredient side of the formula immediately in July 2014, states face additional obstacles that hinder their ability to be so expedient. Most states require legislative or regulatory changes, have short legislative sessions this year that do not allow for Medicaid reimbursement changes, will have to do a cost-of-dispensing-fee study prior to implementing a dispensing fee change, and/or will have to file a State Plan Amendment to implement such a change. In fact, in September 2013, the National Association of Medicaid Directors (NAMd) submitted a letter to CMS requesting that CMS provide states with a transition period of up to one year for implementation of AMP-based FULs in order to protect access to pharmacy services for Medicaid beneficiaries. We share NAMd's concern about beneficiary access to pharmacy services.

In conclusion, many states will be unable to meet CMS' expectations for changes to both drug reimbursement and dispensing fees by July 2014. Accordingly, to preserve beneficiary access to pharmacy services, we encourage CMS to issue guidance allowing states a one-year transition period for implementation of the final AMP-based FULs and dispensing fee changes.

Sincerely,

American Pharmacists Association
Food Marketing Institute
Generic Pharmaceutical Association
Healthcare Distribution Management Association
National Alliance of State Pharmacy Associations
National Association of Chain Drug Stores
National Community Pharmacists Association

cc: Marilyn Tavenner
Administrator
Centers for Medicare and Medicaid Services
200 Independence Avenue, SW
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