

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

April 22, 2008

TO MEMBERS OF THE U.S. SENATE AND HOUSE OF REPRESENTATIVES:

Health information technology – including electronic prescribing – is emerging as a topic of great interest in the healthcare policy community. This is in large part due to the tremendous promise that it holds. However, the difficult budgetary environment also is a frequently discussed issue, given its potential to negatively impact patient care.

At this time, Congress has a tremendous opportunity to advance vital e-prescribing technology and to realize its potential. At the same time, Congress can save the budget dollars that are needed to reverse harmful Medicaid pharmacy reimbursement cuts that may force reduced pharmacy access, particularly in rural and urban areas. Specifically, the National Association of Chain Drug Stores (NACDS) urges the passage of the Fair Medicaid Drug Payment Act (S. 1951/H.R. 3700) and the Medicare Electronic Medication and Safety Protection (E-MEDS) Act (S. 2408/H.R. 4296).

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Though these bills are not often mentioned in the same breath, the budget realities and healthcare needs of the day make them complementary pieces of legislation.

In addition to saving money, the E-MEDS legislation would help to increase the prospects that patients take their medications as prescribed, which prevents more costly forms of care such as emergency room visits and catastrophic care. The legislation also would foster safety by reducing the chances of medication errors that can result from illegible prescriptions. Electronic prescriptions also help to reduce fraud, as they provide secure communications between physicians and pharmacists.

Regarding the Fair Medicaid Drug Payment Act, this legislation is the long-term solution to prevent devastating cuts in reimbursements to pharmacies for generic prescription drugs. According to analyses by the Government Accountability Office and the Department of Health and Human Services Office of the Inspector General, the cuts would put pharmacies in the unrealistic position of selling generic prescription drugs at less than their costs, something no business should be expected to do. According to one estimate, the cuts would force between 10,000 and 12,000 pharmacies out of business. The potential loss of a large number of pharmacies nationwide would impact not only Medicaid patients, but all patients who rely on their pharmacies for prescription and healthcare services.

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NACDS believes the promise of e-prescribing and the need to fix a potentially devastating Medicaid reimbursement model are issues that go hand-in-hand. We have a tremendous opportunity to improve healthcare, and we must remedy harmful cuts that could jeopardize healthcare access. Thank you for your consideration of the important relationship between these vital topics.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

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