

December 15, 2016

The Honorable Donald Trump
President-Elect of the United States of America
Office of the President-Elect

The Honorable Mike Pence
Vice President-Elect of the United States of America
Office of the President-Elect

The Honorable Paul Ryan
Speaker
U.S. House of Representatives

The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Charles Schumer
Minority Leader
United States Senate

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives

Dear President-elect Trump, Governor Pence, Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

As the incoming Administration and Congress consider potential changes to the Medicare and Medicaid programs, we ask that you ensure that beneficiary access to pharmacies is protected. Policies that reduce local pharmacy access lead to poorer health outcomes, ultimately resulting in increased future healthcare costs.

As representative organizations of our nation's pharmacy community, we look forward to your leadership in the upcoming 115th Congress as you consider enhancements to our healthcare delivery system. Patient access to care, as well as quality, cost, and efficiency, will continue to be critical factors, especially in the Medicare and Medicaid programs.

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 pharmacy. As Americans' most convenient and accessible healthcare provider, we look forward to continuing to work with you to ensure that Medicare and Medicaid patients can continue to receive cost-effective pharmacy services.

As the demand for healthcare services continues to grow, pharmacists have expanded their role by collaborating with physicians, nurses, and other healthcare providers to meet patients' needs. Medicare and Medicaid beneficiaries have come to rely on their local pharmacists as trusted, highly accessible healthcare providers who 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-related services and maintaining access to community pharmacists for the Medicare and Medicaid populations cannot be overstated. Improving medication adherence can help Congress achieve its goals of better managing care for Medicare and Medicaid beneficiaries while lowering the overall costs of healthcare. Medications are the primary method of treating chronic disease,

and are involved in 80% of all treatment regimens. Unfortunately, medication-related problems, including poor 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 drug-related hospitalizations, and an estimated 40% of nursing home admissions.¹ Pharmacist-provided services are important tools for improving medication management and adherence and minimizing costs in Medicare and Medicaid. Moreover, policies that force patients to utilize a specific pharmacy or pharmacy channel threaten the ability of pharmacists to care for their patients in a consistent, coordinated fashion. Federal programs should allow patients to seek care from their pharmacy of choice. This is especially problematic in rural, and other underserved areas, where beneficiaries often are required to travel long distances to use a network pharmacy.

Among our highest priorities for keeping Medicaid 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 to guarantee fair and accurate reimbursement and preserve beneficiary access to needed medications.

Community pharmacists are improving health and reducing costs in Medicare by facilitating the better use of medications and improved adherence, as well 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.

Finally, our nation’s pharmacies could have the ability to provide even greater value beyond improving adherence and being a leading provider of immunizations to the healthcare system, including within Medicare and Medicaid programs. Pharmacists can provide many other cost-saving services, including health testing and helping manage chronic conditions such as diabetes and heart disease. However, because pharmacists are not recognized as a provider by third-party payers, including Medicare and Medicaid, the number and types of services pharmacists can provide are limited, even though fully qualified to do so. As the most readily accessible healthcare provider, pharmacists are well positioned to improve patient access. We support federal legislation that would allow Medicare Part B to utilize pharmacists to their full capability by providing underserved beneficiaries with services not currently reaching them. This legislation is not only a priority for our nation’s pharmacists, it is critical to patients

¹ New England Healthcare Institute, 2009.

living in communities where there are not enough providers to meet their healthcare needs. Additionally, 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 Medicare program.

As you begin to examine potential changes to the Medicare and Medicaid programs, it is important that beneficiary access to pharmacies is protected. Policies that reduce local pharmacy access lead to poorer health outcomes, ultimately resulting in increased future healthcare costs. The pharmacy community thanks you for considering our perspectives on these matters, and we welcome ongoing opportunities to work with policymakers.

Sincerely,

American Pharmacists Association
National Alliance of State Pharmacy Associations
National Association of Chain Drug Stores
National Community Pharmacists Association

cc: The Honorable Fred Upton, Chairman, House Energy and Commerce Committee
The Honorable Frank Pallone, Ranking Member, House Energy and Commerce Committee
The Honorable Kevin Brady, Chairman, House Ways and Means Committee
The Honorable Sander Levin, Ranking Member, House Ways and Means Committee
The Honorable Orrin Hatch, Chairman, Senate Finance Committee
The Honorable Ron Wyden, Ranking Member, Senate Finance Committee
The Honorable Lamar Alexander, Chairman, Senate Health, Education, Labor and Pensions Committee
The Honorable Patty Murry, Ranking Member, Senate Health, Education, Labor and Pensions Committee
The Honorable Tom Price, Chairman, House Budget Committee
The Honorable Chris Van Hollen, Ranking Member, House Budget Committee
The Honorable Mike Enzi, Chairman, Senate Budget Committee
The Honorable Bernie Sanders, Ranking Member, Senate Budget Committee
Members of the U.S. House and Senate