



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES



NATIONAL COMMUNITY  
PHARMACISTS ASSOCIATION



WASHINGTON STATE PHARMACY ASSOCIATION

June 26, 2018

**Sent via Email**

Tim Hill, Acting Director  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

**RE: State of Washington Medicaid State Plan Amendment  
(SPA) 17-0002 Pharmacy Reimbursement – SPA Review Update**

Dear Acting Director Hill:

The National Association of Chain Drug Stores (NACDS), the National Community Pharmacists Association (NCPA) and the Washington State Pharmacy Association (WSPA) are writing regarding the Washington State Health Care Authority's (HCA) Medicaid State Plan Amendment 17-0002 relating to Pharmacy Reimbursement ("SPA") filed last June. NACDS,<sup>1</sup> NCPA,<sup>2</sup> WSPA<sup>3</sup> and our members ask CMS, two years since the move to cost-based Medicaid reimbursement under the AMP Rule and one year since the Washington SPA was filed, to delay no longer in requiring Washington to comply with federal Medicaid reimbursement law like other states.

We are aware that subsequent to the submission of the SPA on June 26, 2017, CMS sent a Request for Additional Information (RAI) to HCA on September 21, 2017, seeking further information and raising concerns about the sufficiency of the state's implementation of AMP-based reimbursement. Thereafter, on or about December 20, 2017, HCA responded in writing to CMS' RAI. Based on documents we received from Washington State in response to state FOIA requests, we are aware that HCA withdrew its response at CMS' suggestion, or it risked CMS disapproval of the SPA.

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<sup>1</sup> NACDS is a non-profit organization incorporated and based in Arlington, Virginia. NACDS' purpose is to represent the interests of traditional drug stores, supermarkets and mass merchants with pharmacies, and supplier partners. NACDS' members operate over 925 pharmacies in Washington State, many of whom participate in Washington's Medicaid program.

<sup>2</sup> NCPA is a non-profit organization incorporated and based in Alexandria, Virginia. NCPA represents the interests of the owners, managers, and employees of more than 22,000 independent community pharmacies across the United States (hereinafter, "Independent Pharmacies"). Together, Independent Pharmacies employ over 250,000 individuals on a full or part-time basis and dispense nearly half of the nation's retail prescriptions. There are 271 Independent Pharmacies operating in Washington. Most of them participate in Washington's Medicaid program.

<sup>3</sup> WSPA is a non-profit organization incorporated and established under the laws of the State of Washington. The WSPA represents pharmacists, technicians, and interns practicing within community pharmacies, as well as clinics, nursing homes, and hospitals. Many of WSPA's members participate in Washington's Medicaid program.

The delay in holding Washington State to the same federally-required standards as other states implementing cost-based reimbursement under the AMP-Rule results in our members serving Medicaid patients in Washington State being reimbursed well-below cost based on a decade-old dispensing fee that was never based on cost. Indeed, Washington State currently reimburses pharmacies at \$12.38 million each year below cost.

For these reasons, we ask CMS to move forward with its RAI to Washington State on its SPA and to complete CMS review of it as soon as possible to ensure that reimbursement to pharmacies adequately reflects the true cost to acquire and dispense prescription drugs to Medicaid beneficiaries as required under 42 C.F.R. § 447.500, *et seq.*

Thank you for your assistance on this matter.

Sincerely,



Don L. Bell, II  
General Counsel and Senior V.P., Legal Affairs  
National Association of Chain Drug Stores



Jennifer Mallon  
Senior V.P. and General Counsel  
National Community Pharmacists Association



Jeff Rochon  
Chief Executive Officer  
Washington State Pharmacy Association

cc: John Coster  
Mike Nardone