



NATIONAL ASSOCIATION OF  
CHAIN DRUG STORES

Statement

Of

The National Association of Chain Drug Stores

For

U.S. Senate  
Finance Committee

Hearing on:

Delivery System Reform: Progress Report from CMS

February 28, 2013

10:30 a.m.

215 Dirksen Senate Office Building

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The National Association of Chain Drug Stores (NACDS) thanks the Members of the Finance Committee for consideration of our statement for the hearing on “Delivery System Reform: Progress Report from CMS.” NACDS and the chain pharmacy industry are committed to partnering with Congress, the Centers for Medicare & Medicaid Services, patients, and other healthcare providers to improve the quality and affordability of healthcare services.

NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies – from regional chains with four stores to national companies. Chains operate more than 41,000 pharmacies and employ more than 3.8 million employees, including 132,000 pharmacists. They fill over 2.7 billion prescriptions annually, which is more than 72 percent of annual prescriptions in the United States. The majority of Medicare Part D and Medicaid prescriptions are dispensed by chain pharmacies.

As the face of neighborhood healthcare, community pharmacies and pharmacists provide access to prescription medications and over the counter products, as well as cost-effective health services such as immunizations and disease screenings. Through personal interactions with patients, face-to-face consultations and convenient access to preventive care services, local pharmacists are helping to shape the healthcare delivery system of tomorrow – in partnership with doctors, nurses and others.

In recent years retail community pharmacies have played an increasingly important role in providing patient care. Activities such as the increased number of health screenings provided by pharmacists help educate patients and give them a better understanding of their health status and potential needs. Pharmacists also provide vital patient care through services such as medication therapy management (MTM) and their expanded role in providing immunizations.

Each year, more than 50,000 adults in the United States die from vaccine-preventable diseases.<sup>1</sup> Studies have shown that pharmacist-provided immunization services increase the overall immunization rates. Reports have also shown that states allowing pharmacist immunizations have a greater percentage of patients 65 and older who were vaccinated. Immunizations, including those administered by pharmacists, help prevent 14 million cases of disease and 33,000 deaths every year.<sup>2</sup> Overall, in 2010-11, 18.4 percent of adults received their influenza vaccine at their local supermarket or pharmacy, second only to a doctor's office.<sup>3</sup>

Notably, the Centers for Disease Control and Prevention (CDC) reports that vaccines have reduced or eliminated many infectious diseases that once routinely killed or harmed thousands each year; according to data collected by CDC, pharmacists have been instrumental in increasing the vaccination rate in the United States. In fact, the CDC has specifically asked the pharmacy community for their continued support and efforts to help address vaccine needs in their local communities.<sup>4</sup> This is especially vital in rural, and some suburban areas, with limited physician access.

Expanding pharmacists' vaccination authority can also lead to decreased healthcare costs for consumers, health insurers and other third party payors, including Medicare and Medicaid. As noted by the Department of Defense in a 2011 final rule expanding the portfolio of vaccines that TRICARE beneficiaries may obtain from community pharmacies, significant savings were achieved under the TRICARE program when the program was first implemented to allow beneficiaries to obtain flu & pneumococcal vaccines from retail pharmacies. It was estimated that for the first six months that beneficiaries could obtain their vaccinations from pharmacists, 18,361 vaccines for H1N1, flu & pneumococcal were administered at a cost of nearly \$300,000; had those vaccines been administered under the medical benefit, the cost to TRICARE would

<sup>1</sup> Department of Health and Human Services, Fiscal Year 2008. Centers for Disease Control and Prevention. *Justification of Estimates for Appropriation Committees*.

<sup>2</sup> Field RI. Pharmacists set to become more active clinicians in Pennsylvania. *P & T*. 2006;31:100,105; Jelesiewicz E. Pennsylvania pharmacists could soon be "calling the shots." *Temple Times* (online edition). March 17, 2005.

<sup>3</sup> Centers for Disease Control and Prevention. Place of Influenza Vaccination Among Adults, United States, 2010-11 Influenza Season, *Morbidity and Mortality Weekly Report*, June 17, 2011, 60(23); 781-785

<sup>4</sup> Letter from the Centers for Disease Control and Prevention to Pharmacists and Community Vaccinators dated 26 June 2012

have been \$1.8M.<sup>5</sup> Clearly this represents significant healthcare savings, which one would expect to be amplified and replicated if pharmacists were allowed under state laws to provide a broader portfolio of vaccines and/or immunize a broader patient population. (This would be on top of savings that would result from fewer hospitalizations and lost days at work due to more patients obtaining immunizations.) Indeed, this is why the Department of Defense opted to expand the types of vaccines that TRICARE beneficiaries may obtain from community pharmacies to include all CDC-recommended vaccines.

Similarly, policymakers have begun to recognize the vital role that local pharmacists can play in improving medication adherence. The role of appropriate medication use in lowering healthcare costs was recently acknowledged by the Congressional Budget Office (CBO). The CBO revised its methodology for scoring proposals related to Medicare Part D and found that for each one percent increase in the number of prescriptions filled by beneficiaries there is a corresponding decrease in overall Medicare medical spending. When projected to the entire population, this translates into a savings of \$1.7 billion in overall healthcare costs, or a savings of \$5.76 for every person in the U.S. for every one percent increase in the number of prescriptions filled.

Local pharmacists are uniquely qualified to improve medication adherence through medication therapy management (MTM). Congress recognized the importance of MTM, including it as a required offering in the Medicare Part D program. The experiences of Part D beneficiaries, as well as public and private studies, have confirmed the effectiveness of pharmacist-provided MTM.

A recent report by CMS found that Medicare Part D beneficiaries with congestive heart failure and COPD who were newly enrolled in the Part D MTM program experienced increased medication adherence and discontinuation of high-risk medications. The report also found that monthly prescription drug costs for these beneficiaries were lowered by approximately \$4 to \$6 per month and that they had nearly \$400 to \$500 lower overall hospitalization costs than those who did not participate in the Part D MTM program.

<sup>5</sup> 76 FR 41063-41065.

How and where MTM services are provided also impacts effectiveness. A study published in the January 2012 edition of *Health Affairs* identified the key role of retail pharmacies in providing MTM services. The study found that a pharmacy-based intervention program increased patient adherence for patients with diabetes and that the benefits were greater for those who received counseling in a retail, face-to-face setting as opposed to a phone call from a mail order pharmacist. The study suggested that interventions such as in-person, face-to-face interaction between the retail pharmacist and the patient contributed to improved behavior with a return on investment of 3 to 1.

Despite the proven effectiveness of pharmacists in delivering preventive services such as immunizations and MTM, limitations remain in place that prevent pharmacists from practicing to the maximum of their capabilities. These limitations have prevented local retail pharmacists from participating in the various new innovative programs that are being supported by the Center for Medicare and Medication Innovation (Innovation Center). These include the new Accountable Care Organization Models, community-based transitions of care, and bundled payment initiatives.

We believe the Innovation Center should use its authority under section 1115A(d) of the Social Security Act to expand the role of pharmacists in these programs. Unfortunately, we understand that some of the governing bodies of these new models indicate they cannot include pharmacists because the statute does not allow pharmacist to be part of the governance structure or because current Medicare law does not recognize pharmacists as providers. Because of this lack of provider status, pharmacists have been limited in their participation in Innovation Center activities.

Permitting pharmacists to practice to their maximum capabilities within these new delivery models would help increase medication adherence and coordination between healthcare settings, result in higher rates of vaccinations, and reduce the burden of the physician shortage, particularly with the influx of new patients in 2014 through the Healthcare Marketplaces and the expansion of Medicaid eligibility.

In establishing the Innovation Center, section 1115A(d) of the Social Security Act grants the Secretary the authority to waive such requirements of Title XVII as may be necessary for carrying out the testing of innovative models of care. This especially relates to projects that address populations for which there are deficits in care leading to poor clinical outcomes and potentially avoidable expenditures.

Since pharmacists have the proven ability to provide services that lead to better clinical outcomes and lower healthcare costs, we urge the Innovation Center to use its authority to find mechanisms for pharmacists to participate in these programs, such as granting pharmacists provider status for the purpose of participating in Innovation Center projects.

As we move forward with the reform of the healthcare delivery system, it is imperative for all healthcare providers to practice to their maximum capabilities, working in partnership to provide accessible, high quality care to patients.

Thank you for the opportunity to share our views. We look forward to continuing to work with the committee to advance policies that improve care for Medicare and Medicaid beneficiaries.