

Statement
Of
The National Association of Chain Drug Stores
For
U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Health
On
“Examining the FY 2016 HHS Budget”

National Association of Chain Drug Stores (NACDS)
1776 Wilson Blvd., Suite 200
Arlington, VA 22209
703-549-3001
www.nacds.org

Introduction

The National Association of Chain Drug Stores (NACDS) thanks the Members of the Subcommittee on Health for the opportunity to submit the following statement for the record regarding pharmacy-related provisions contained within the Fiscal Year 2016 Department of Health and Human Services (HHS) Budget. NACDS and the chain pharmacy industry are committed to partnering with Congress, HHS, patients, and other healthcare providers to improve the quality and affordability of healthcare services.

NACDS represents traditional drug stores and supermarkets and mass merchants with pharmacies. Chains operate more than 40,000 pharmacies, and NACDS' 115 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ more than 3.2 million individuals, including 179,000 pharmacists. They fill over 2.9 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 850 supplier partners and nearly 60 international members representing 22 countries. For more information, visit www.NACDS.org.

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.

Concerns with Budget Proposals

NACDS appreciates HHS's proposed goals to reduce healthcare costs and produce a more efficient healthcare system; however, we have concerns with some proposals contained in the FY2016 HHS Budget. HHS has proposed excluding brand and authorized generic drugs from the calculation of average manufacture price (AMP), thereby calculating Medicaid Federal Upper Limits (FULs) based only on generic drug prices. While the goal of this provision may be to decrease Medicaid costs, we believe it may in fact reduce access to prescription drugs and pharmacy services for Medicaid patients, resulting in increased overall healthcare expenditures.

Given that AMP has never been used as a basis for pharmacy reimbursement, and that AMP-based FULs remain in draft form, we believe the FY2016 budget provisions changing the calculation of FULs are premature. In fact, based on NACDS' most recent analysis, approximately 35 percent of the draft FULs are below National Average Drug Acquisition Cost (NADAC). This analysis confirms that additional efforts by the Centers for Medicare and Medicaid Services (CMS) are necessary to ensure that pharmacies are not reimbursed below their costs using the reimbursement formula created by the Affordable Care Act. We urge CMS to utilize the rulemaking process to implement the Medicaid pharmacy provisions in a manner consistent with Congressional intent, rather than pursuing policies that would further cut pharmacy reimbursement.

The FY2016 HHS Budget includes a proposal to limit Medicaid reimbursement of durable medical equipment (DME) to the rates paid by Medicare. Implementing a blanket proposal to reduce payment for Medicaid DME has the potential to disrupt access to DME and

produce poorer health outcomes. This is particularly true in the case of diabetes testing supplies (DTS). Two years ago, CMS established a new Medicare single payment of \$10.41 for DTS. This amount drastically decreased Medicare reimbursement by an average of 72 percent for retail pharmacies. The current reimbursement amount barely covers a pharmacy's costs-of-goods plus dispensing and counseling for these products and services. Reducing Medicaid reimbursement for DTS to match the Medicare rate could similarly produce hardships for Medicaid beneficiaries in terms of reducing access to needed supplies and threatening the health of an already fragile population. NACDS urges CMS to refrain from making any changes to Medicaid reimbursement for DTS.

The FY2016 budget also includes several provisions to increase the utilization of generic drugs. NACDS applauds the inclusion of these important provisions, which would encourage the use of generic medications by Medicare Low Income Subsidy beneficiaries, and promote generic competition for biologics. Increasing generic utilization is one of the most effective ways of controlling prescription drug costs, and the generic dispensing rate of retail pharmacies—82 percent—is higher than any other practice setting.

Finally, the FY2016 HHS Budget includes a number of proposals to cut waste, fraud and abuse in the Medicare and Medicaid programs, including the ability to suspend coverage and payment for questionable Part D prescriptions and the authority to establish a program that would require that high-risk Medicare beneficiaries only utilize certain prescribers and/or pharmacies to obtain controlled substance prescriptions. NACDS applauds HHS for working to ensure that such activity does not exist in these federal programs. However, NACDS urges HHS to move forward in a cautious manner which does not disrupt beneficiary access

or jeopardize beneficiary health. This can be done by ensuring that overly-burdensome requirements are not placed on providers to the point that it interferes with the ability to treat and care for patients. For example, any potential program which limits a beneficiary's ability to obtain their prescription medications must ensure legitimate beneficiary access to needed medications is not impeded. Policies to reduce overutilization must be balanced with maintaining access to prescription medications by the beneficiaries who need them most. A lock-in provision may actually be a barrier to care as supply chain issues exist around controlled substance medications that are beyond the pharmacy's control. If a pharmacy is unable to obtain the medication for a lock-in patient, then it creates a barrier that could result in harm to the patient's health.

Mechanisms must be developed and executed to allow a pharmacy, in consultation with the prescriber, to fill legitimate prescriptions without needlessly delaying treatment for beneficiaries. Being suspected of abusing certain prescription drugs could in some cases prevent legitimate patients from getting needed medications.

The Benefits of Pharmacist-Provided MTM

In recent years, pharmacists have played an increasingly important role in the delivery of cost-saving, highly efficient healthcare services. Notably, policymakers have begun to recognize that that pharmacist-provided Medication Therapy Management (MTM) improves medication adherence, which lowers overall healthcare costs. For example, a 2013 CMS report found that Part D MTM programs consistently and substantially improved medication adherence and quality of prescribing for evidence-based medications for beneficiaries with congestive heart failure, COPD, and diabetes. In 2014, a Medicare Payment Advisory

Committee (MedPAC) study found significant medical side savings in adherent populations compared to the non-adherent population. Finally, a study conducted by Avalere in 2013 concluded that patients who are adherent to their medications have more favorable health outcomes such as reduced mortality and use fewer healthcare services. Such patients are thus cheaper to treat overall, relative to non-adherent patients.

How and where MTM services are provided also impact its effectiveness. A study published in the January 2012 edition of *Health Affairs* found that a pharmacy-based intervention program increased 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.

Pharmacists are engaged with other professionals and participating in models of care based on quality of services and outcomes, such as accountable care organizations (ACOs) and medical homes. Pharmacists now commonly provide immunizations and MTM services and are developing new and innovative approaches through medication synchronization programs, identifying and treating medication adherence issues, and working to be able to provide simple medical testing services. We urge the adoption of policies that increase access to services such as MTM that improve the health of Medicare beneficiaries while reducing overall healthcare costs.

Pharmacists as Providers

Although retail community pharmacists can provide high quality, cost efficient care, the lack of pharmacist recognition as a provider by third party payors including Medicare and

Medicaid has limited the number and types of services pharmacists can provide, even though fully qualified to do so.

Retail pharmacies are often the most readily accessible healthcare provider. Nearly all Americans (89%) live within five miles of a community retail pharmacy. Recognition of pharmacists as providers under Medicare Part B would help to provide valuable and convenient pharmacist services to millions of Americans, and most importantly, those who are already medically underserved.

The national physician shortage coupled with the continued expansion of health insurance coverage in 2015 will have serious implications for the nation's healthcare system. Access, quality, cost, and efficiency in healthcare are all critical factors – especially to the medically underserved. Without ensuring access to requisite healthcare services for this vulnerable population, it will be exceedingly difficult for the nation to achieve the aims of healthcare reform.

The medically-underserved population includes seniors with cultural or linguistic access barriers, residents of public housing, persons with HIV/AIDS, as well as rural populations and many others. Significant consideration should be given to innovative initiatives within the medically underserved population to enhance healthcare capacity and strengthen community partnerships to offset provider shortages and the surge in individuals with healthcare coverage. NACDS urges the adoptions of policies that increase access to much-needed services for underserved Americans.

Conclusion

Since pharmacists have the proven ability to provide services that lead to better clinical outcomes and lower healthcare costs, we urge the implementation of budget proposals that allow all healthcare providers, including retail pharmacists, to practice to their maximum capabilities, working in partnership to provide accessible, highly efficient, high quality care to patients. NACDS thanks the Subcommittee for consideration of our comments. We look forward to working with policymakers and stakeholders on these important issues.