



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



American Pharmacists Association
Improving medication use. Advancing patient care.



February 23, 2010

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives

The Honorable Harry Reid
Senate Majority Leader
United States Senate

The Honorable John Boehner
House Minority Leader
U.S. House of Representatives

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate

To the Bipartisan Congressional Leadership:

As the bipartisan congressional leadership prepares to meet with the White House to discuss healthcare reform, the undersigned groups urge continued support for strong polices to ensure Americans continue to enjoy access to the vital products and services offered by pharmacists and community pharmacies. Pharmacies and pharmacists are the most accessible providers in our healthcare system, and have a key role to play in improving Americans' health through preventative services, the safe and efficient delivery of prescription medicines and other healthcare products and through counseling services which help patients take their medications most effectively.

Research indicates the failure to take medicines as prescribed is a major problem in our health system. Poor medication adherence costs the U.S. approximately \$290 billion annually, equaling 13% of total healthcare expenditures (New England Healthcare Institute, 2009). A large portion of this spending stems from avoidable and costly health complications resulting from poor adherence. These circumstances seriously undermine quality of life, quality of care and patient outcomes.

Any successful healthcare reform effort must include strong steps to improve patient adherence to medication, particularly for those with chronic disease. Congress has recognized the importance of this issue through provisions in both the House and Senate health reform bills that encourage medication therapy management (MTM) in the treatment of chronic disease and in community health teams that support medical homes. We support these provisions, as well as provisions to ensure a fair and equitable payment structure for generic drugs dispensed by pharmacies in the Medicaid program, in particular the Senate language. Without both MTM and sufficient product reimbursement, medication adherence will be undermined, and opportunities to improve adherence will be left unrealized.

Lower Cost, Improve Care Through Medication Therapy Management (MTM)

One of the key ways pharmacists improve patients' health is through medication therapy management. MTM includes a broad range of activities, such as conducting medication reviews to identify, resolve, and prevent medication-related problems, monitoring and evaluating the safety and efficacy of patient responses to therapy, and providing verbal education and training designed to enhance patient

understanding of appropriate use of medications. Pharmacist-provided medication therapy management improves therapeutic outcomes while reducing costly medical services, such as emergency room visits and unnecessary physician visits. In one study, for every \$1 invested in MTM programs, overall healthcare costs were reduced by \$12. In 2003, Congress recognized the value of MTM when it required Part D plans to offer this service under the Medicare Modernization Act (MMA). Clearly, increasing access to MTM is one important way to improve the health system.

Both the House and Senate include a series of grant programs in their health reform bills to encourage pharmacist-provided MTM as part of coordinated care models and chronic disease initiatives. Provisions of the Senate bill would also improve the MTM benefit in Medicare Part D and establish a bonus payment for Medicare Advantage plans that promote MTM. All of these important provisions should be included as part of any health legislation that is adopted this year.

Ensure Access to Pharmacies Through Reform of the “AMP” Reimbursement System

In addition to providing MTM and other preventive services, local pharmacies are a convenient, accessible and reliable source of prescription medications and other health products. Reimbursement policies need to support the pharmacy infrastructure and should include incentives for the most cost effective products. Community pharmacies dispense generic medications more often than any other practice setting and promoting the use of generic drugs is a key factor in helping to control prescription drug spending.

Preventing Medicaid reimbursement cuts for generic drugs is critical to maintaining access to local pharmacies. The Deficit Reduction Act of 2005 established the average manufacturer price (AMP) reimbursement system for generic drugs which, if fully implemented, would put 20% of all pharmacies and 300,000 industry-related jobs at risk. Both health reform bills address this issue, but the Senate AMP provisions are stronger and do more to support the ability of pharmacies to address their patients' needs. Specifically, the Senate bill contains a more accurate definition of AMP, moves from lowest to weighted average AMP to set federal upper limits (FULs), establishes a multiplier of “no less than” 175%, and sets FULs when there are three equivalent drug products. It is especially important to reform the AMP payment system since Congress is looking to expand Medicaid to cover more Americans.

Ensure Access to Durable Medical Equipment to Help Coordinate Care

In addition to prescription drugs and MTM services, millions rely on their local pharmacies for their durable medical equipment (DME) needs, particularly diabetes testing supplies. In fact, nearly two-thirds of older diabetic patients obtain their diabetes supplies from community pharmacies where they have ready access to these products and counseling from their pharmacists. These relationships help patients better manage their diseases and save resources for Medicare and other health programs.

However, the ability of pharmacies to provide DME to Medicare patients is jeopardized by CMS requirements that each pharmacy obtain “accreditation” and a \$50,000 surety bond. These requirements are unnecessary since pharmacies and pharmacists are highly reputable health providers that are fully licensed by their states. These requirements are expensive and burdensome and could lead pharmacies to drop out as DME suppliers. In fact, according to CMS' own estimate, over 25,000 suppliers will exit the Medicare program due in part to these requirements. Unfortunately, that number likely includes many community pharmacies.

The House health reform bill provides relief from both of these unnecessary requirements, while the Senate bill addresses only the accreditation issue. Congress should support legislation that includes the

Senate provisions on accreditation and the House approach to surety bonds. Without these changes, pharmacies may drop out of the Medicare DME program, which would hurt seniors who need them for DME supplies and counseling services, especially those with diabetes.

Maintain Seniors' Access to Vaccines to Encourage Prevention

All fifty states recognize pharmacists to provide immunizations and the number of trained “immunizing pharmacists” is 100,000 and growing. As highly accessible healthcare providers, pharmacies are uniquely positioned to offer preventive health services such as vaccinations. Unlike a physician’s office, patients can usually visit a pharmacy without an appointment for prescription drugs and other services, like immunizations.

A provision of the House health reform bill (Section 1310) would eliminate coverage of vaccines in the Medicare Part D prescription drug program, and shift coverage of all vaccines to Medicare Part B. This could reduce seniors’ convenient access to important vaccinations if pharmacists are limited in their ability to provide immunizations, and would put Medicare out of step with federal programs such as TRICARE, which actually encourages pharmacist-provided immunizations.

A better approach is contained in the Senate health reform bill, which directs the Government Accountability Office to study the issue before making changes. It would be premature to make changes to limit Part D vaccine coverage without further study of the issue, ensuring that pharmacists are able to continue to provide CDC recommended vaccines to the affected populations in an equitable and timely manner – especially since seniors’ access to vaccines could be harmed. Congress should support the Senate provision to study this issue.

Conclusion

Community pharmacies and pharmacists have a unique role in a reformed healthcare system. Working directly with their patients to take their medications as prescribed, local pharmacists can improve quality of care and optimize medication use. We stand ready to work with Congress and the Administration to ensure that Americans have access to affordable, high quality care in a reformed healthcare delivery system.

Sincerely,

**American Pharmacists Association
Food Marketing Institute
National Alliance of State Pharmacy Associations
National Association of Chain Drug Stores**

cc: Senator Max Baucus, Chairman, Senate Finance Committee
Senator Chris Dodd, Chairman, Senate Banking, Housing and Urban Affairs Committee
Senator Tom Harkin, Chairman, Senate HELP Committee
Representative Henry Waxman, Chairman House Energy and Commerce Committee
Representative Charlie Rangel, Chairman House Ways and Means Committee
Representative George Miller, Chairman House Education and Labor Committee
Senator Charles Grassley, Ranking Member, Senate Finance Committee

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Senator Michael Enzi, Ranking Member, Senate HELP Committee

Representative Joe Barton, Ranking Member, House Energy and Commerce Committee

Representative Dave Camp, Ranking Member, House Ways and Means Committee

Representative John Kline, Ranking Member, House Education and Labor Committee