

## TPA Communications

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**From:** TPA Communications [communications@tnpharm.org]  
**Sent:** Thursday, November 10, 2005 11:20 AM  
**To:** broadcast@tnpharm.org  
**Subject:** Contact Representatives IMMEDIATELY about Medicaid Reform Proposal

To: TPA Members

**The House is expected to bring to the floor TODAY the Budget bill that includes cuts in Medicaid pharmacy reimbursement.** While there are Members of Congress working to improve the provisions of the Medicaid reform proposal, it is very much an uphill battle. **The vote is expected to be very close, so contact your Representative IMMEDIATELY to voice your opposition.** Review the information from APhA below, and if you have not placed a call, please do so now. If you have called or e-mailed, please do so again.

In addition to the links provided in the APhA information below, your Representative can be located for contact by visiting the TPA website, <http://www.tnpharm.org>, and entering your zip code in the black and yellow "Write Your Legislators" box beneath the menu on the left.

*To help you stay informed of important developments, the Tennessee Pharmacists Association is pleased to provide you with legislative, healthcare-related, regulatory and other notices as a benefit of membership.*

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### APhA ACTION ALERT

**Contact your Representative Now!**  
**Ask your Representative to OPPOSE the House Proposal to Cut Medicaid Pharmacy Reimbursement**

The week of November 7th, the U.S. House of Representatives is expected to vote on a budget bill that will cut pharmacy's reimbursement under the Medicaid program. Members of the House of Representatives must hear from pharmacists about how this proposal will impact pharmacists' ability to continue to serve Medicaid patients.

**Act Now!** Contact your Representatives immediately to express your opposition to the Medicaid cuts to pharmacy in the House Budget Reconciliation bill.

#### Talking Points:

- The new reimbursement formula based on Average Manufacturers Price (AMP) will significantly underpay community pharmacies for the prescription drugs and pharmacist services that we provide to Medicaid recipients, and will discourage dispensing of generic medications - a source of significant savings to the Medicaid program.
- I am disappointed that community pharmacies have been targeted for 60% of the Medicaid savings even though Medicaid payments retained by pharmacies only represent 2 % of all Medicaid spending.
- Pharmacies may not be able to continue to serve Medicaid patients under this proposal. Pharmacy is willing to work with Congress to find better alternatives for savings that will not result in pharmacies limiting or eliminating access for Medicaid beneficiaries.
- **Vote NO on the House Budget Reconciliation bill**

#### Impact of the House Proposal

11/10/2005

The House proposal does not meet Congress' goal to make the reimbursement system for drugs covered by Medicaid a more cost-based system. True reform would compensate pharmacies for their actual costs to acquire drug products and for the actual costs to provide pharmacist services.

### Product Reimbursement

- The House proposal changes the formula for product reimbursement from an Average Wholesale Price (AWP) to an Average Manufacturer's Price (AMP) formula.
- Although the House tried to address pharmacy's concerns, the reductions to pharmacy reimbursement in the House proposal may not cover pharmacies' costs.

### Dispensing Fees

- Dispensing fees represent half of the equation; they are an important component of a pharmacy's total reimbursement and cannot be ignored.
- Currently states pay an average of \$4 for a dispensing fee. A recent study by the University of Texas Center for Pharmacoeconomic Studies found that it costs pharmacies about \$9.65 to dispense a prescription.
- The House proposal directs states to pay an \$8 dispensing fee for generic drugs. The proposed \$8 fee understates a pharmacy's actual cost to dispense a medication.
- The House proposal does not set a dispensing fee for brand drugs. Without direction, states have no incentive to discontinue their current practice of under-compensating pharmacists for their services.

### For Assistance with Contacting Your Representative

- To contact your Representative you may go to
    - The Coalition for Meaningful Medicaid Reform's (APhA is a member) website at <http://www.meaningfulmedicaidreform.com>. Click on the 'Democracy Direct' tab.
    - APhA's Legislative Action Center at <http://www.aphanet.org/GA>. Click on "Grassroots Advocacy", then "Legislative Action Center", and enter your member number.
  - For background information, go to APhA's Government Affairs at <http://www.APhAnet.org/GA>. Click on "Federal Government Affairs" and then "Medicaid".
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