

TPA Communications

From: TPA Communications [communications@tnpharm.org]
Sent: Wednesday, November 02, 2005 2:02 PM
To: broadcast@tnpharm.org
Subject: Action Alert: Senate Proposes Medicaid Cuts

To: TPA Members

The American Pharmacists Association (APhA) has sent the Tennessee Pharmacists Association the following Action Alert regarding the Senate's proposal to cut Medicaid pharmacy reimbursement. We urge you to review the information provided and to **contact your Senators NOW to voice your opposition to this proposal!** In addition to the links provided by APhA below, your Senators 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.

Tennessee Pharmacists Association
500 Church Street, Suite 650
Nashville, TN 37219
615-256-3023 Phone
615-255-3528 Fax
<mailto:tpa@tnpharm.org>
<http://www.tnpharm.org>

APhA Action Alert

OPPOSE Senate's Proposal to Cut Medicaid Pharmacy Reimbursement

The Senate is about to vote on a budget bill that will cut pharmacy's reimbursement in the Medicaid program. Members of the Senate must hear from pharmacists about how this proposal will impact pharmacists' ability to continue to serve Medicaid patients.

Act Now

Contact your Senators immediately to express your opposition to the Medicaid cuts to pharmacy in S 1932, the Senate's 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 S 1932, the Senate's Budget Reconciliation bill.**

Impact of the Senate's Proposal: Neither the reimbursement formula for brand or generic drugs works unless States increase their payment of professional fees to double digit numbers.

Brand Drugs

- The current reimbursement calculated for an average brand drug is \$129. This includes the reimbursement for the cost of the drug and a dispensing fee.
- Under the Senate's proposal, the new maximum reimbursement for the brand drug using the AMP benchmark and the average dispensing fee would be \$116 - \$13 less than what pharmacies currently receive (on average).
- The reductions to pharmacy reimbursement in the Senate's proposal may not cover pharmacies' costs. The average cost to acquire and dispense a brand drug is \$120 - \$4 more than the total Medicaid payment.
- Community pharmacy could lose almost \$4 for every brand drug prescription they fill.

Generic Drugs

- The current reimbursement is \$19.56 for the average generic drug.
- Under the Senate's proposal, the new maximum reimbursement would be approximately \$11.48. However, the cost to pharmacy for the medication and the dispensing costs amount to \$17.65. Thus, for every generic drug offered in the Senate plan, more than \$6.00 is lost.

For Assistance with Contacting Your Senators

- To contact your Senator 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".