

# Federal Legislative Alert

OCTOBER 28, 2005

IMPORTANCE: HIGH

**CALL TO  
ACTION**

## CONGRESS TO ACT ON MEDICAID REFORM

The time has clearly come for pharmacists to raise the level of concern about and opposition to the direction Congress is headed with Medicaid Reform.

TPA, along with many other state pharmacy associations, the National Council of State Pharmacy Association Executives (NCSPA), NACDS, NCPA and APhA, is participating in the Coalition for Meaningful Medicaid Reform (CMMR). This coalition has a website where information about Congressional action on Medicaid Reform can be found: [www.MeaningfulMedicaidReform.com](http://www.MeaningfulMedicaidReform.com). This information is updated throughout the day and night as Congress moves forward. In addition, a blog specific to CMMR, called MMR NOW, has been set up at: [MeaningfulMedicaidReform.org/blog](http://MeaningfulMedicaidReform.org/blog). Please refer to both of these sites to familiarize yourself with and keep up to date on this issue.

As part of its budget reconciliation process, Congress is proposing cuts to Medicaid spending by about \$9.5 billion over five years. This includes significant cuts in the Medicaid pharmacy program - approximately \$4.5 billion in federal dollars, resulting, after state dollars are accounted for, in \$7 to \$8 billion in total cuts.

Last night (Thursday), the House Energy and Commerce Committee favorably reported out the Medicaid Prescription Drug Payment Reform proposal. The entire package will be forwarded to the House Budget Committee and will likely be taken up by the House the week of November 7.

The Senate Finance Committee has also favorably reported out its version of the Medicaid Reform proposal. The full Senate is scheduled to take action the week of October 31.

Pharmacists need to voice your opposition NOW!

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### Key Points to Make:

- It is essential to the future of the Medicaid prescription drug program that any new payment policy accurately reflect pharmacies' cost for acquiring the drug product dispensed and costs for providing necessary pharmacist services.
- It is essential that reimbursements to pharmacies are adequate and fair and include a reasonable return.
- Pharmacists are seeking a payment system that would encourage use of generic drugs and would create incentives for pharmacists to help Medicaid better manage recipients' drug use.

### Concerns Include:

- Cuts targeting community pharmacy remain too high.
- Payment system reform is incomplete. The proposed process fails to meet the criteria laid out when the process started: that reform would result in a process that would both pay pharmacies more accurately for the drug product dispensed, as well as more fairly for the costs of dispensing the prescription drug.
- System reform lacks the critical transparency element. The proposal does not require that any of the upper limits for drugs - determined either under the new Retail Average Manufacturers' Price (RAMP) system or the "market survey" system - be made public. It is unfair to providers to create a new benchmark for reimbursement, with ever-changing prices, that does not make these new payment rates public as they become available.

Pharmacists are urged to communicate with their U.S. Senators and Representatives to voice your concern and opposition to the reforms now proposed. To contact your members of Congress, visit [www.tnpharm.org](http://www.tnpharm.org) and enter your zip code in the black and yellow "Write Your Legislators" box.