

TPA Communications

From: TPA Communications [communications@tnpharm.org]
Sent: Friday, November 18, 2005 3:56 PM
To: broadcast@tnpharm.org
Subject: House Enacts Cuts to Pharmacy Reimbursement in Medicaid

To: TPA Members

Early this morning, the House enacted its version of the 2006 budget reconciliation bill, the Deficit Reduction Act of 2005 (H.R. 4241). The Tennessee Pharmacists Association has received the following information from the American Pharmacists Association (APhA) and the Coalition for Meaningful Medicaid Reform (CMMR).

As with the Senate budget reconciliation proposal that was passed earlier this month, the House proposal includes reductions to pharmacy payments in the Medicaid program. Members of Congress attempted to address pharmacy's concerns through a "safety valve" amendment that was added to the final legislation. This amendment requires the Government Accountability Office (GAO) to study the appropriateness of pharmacy payments *after* the new payment formula is implemented, to see if the new payments are below the average prices paid by pharmacies for acquiring drug products. The amendment also authorizes (but does not require) the Secretary of Health and Human Services to delay implementing the changes in pharmacy reimbursement rates if the GAO study finds the average prices paid by pharmacies are above the new reimbursable amounts.

Because the House and Senate bills differ dramatically in many areas, including the Medicaid payments to pharmacy, the bills now move to conference committee, where appointed Members of Congress will negotiate out the bills' differences. Pharmacy will need to continue to express its concerns with the proposal to the conference committee members (yet to be appointed). The Tennessee Pharmacists Association will continue to provide information as it becomes available.

The Coalition for Meaningful Medicaid Reform (CMMR) has disseminated the following information and opinion from Craig Fuller, President and CEO of the National Association of Chain Drug Stores (NACDS) and co-founder of the CMMR:

House Budget Reconciliation Bill - A Loss Is Not Always a Defeat

I really do not like to lose... especially when it is only by two votes. But, the overriding feeling this morning is one of pride for all of the people in community pharmacy who stood firm against difficult odds and a Medicaid Reform plan that is wrong for Medicaid patients, wrong for retail pharmacy and just simply will not work.

NACDS' government affairs group began having conversations last night about next steps - what we need to do to prepare for the House/Senate Conference on the budget. And, work has already started in that regard.

In the debates that occurred last night and into early morning there were several forces at work, and community pharmacy's efforts certainly made an impact. Yesterday, the day started at 7:00 am when the House Rules Committee passed an amendment. We were later told this action was meant to be a "safety valve" for community pharmacy - giving the Secretary of Health and Human Services the ability to delay the implementation of the Medicaid reimbursement reforms.

While this was important recognition, anything in Washington that seems too good to be true probably is. While the "safety valve" concept represents an important recognition of the need to fairly reimburse pharmacy, as currently written, it only addresses half of the equation - product cost reimbursement.

However, from the moment we learned of the effort, we opened dialogue with Members of Congress who wanted to be helpful. Early this morning, a very important exchange occurred between Congresswoman Emerson (R-MO) and Chairman Deal (R-GA) on the floor of the House (full text is can be found at <http://www.nacds.org/user-assets/blog>). Mr. Deal - who has been at the center of crafting the Medicaid Reform package - pledged to work in Conference to assure that pharmacy was fairly reimbursed.

And, throughout this process, House Members who wanted to be helpful to community pharmacy, but also felt the need to vote with Republican leaders, have indicated that they will help in the Conference Committee process. And, of course, both the House and Senate must approve a Conference Committee report on the Budget.

So, much remains to be done. It was a dramatic evening that we build on going forward. I continue to have a conviction that a

Medicaid Reform program that will not work will not, in the end, be imposed upon Medicaid patients and community pharmacy. The efforts of all of us will be required to insure that this conviction is in fact the reality we face in 2007.

Thank you again for the support given to this effort. Community pharmacy will continue to work together to achieve meaningful Medicaid reform.

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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