

FOR IMMEDIATE RELEASE
January 27, 2012

Contact: [Chrissy Kopple](#)
(703) 837-4266

NACDS Pledges Close Scrutiny of Newly Proposed Rule for Medicaid Pharmacy Reimbursement

NACDS reviewing rule released by CMS, but emphasizes concerns about AMP as a basis for pharmacy reimbursement

Alexandria, Va. – Today the *Federal Register* posted the Centers for Medicare & Medicaid Services' (CMS) proposed rule on Medicaid pharmacy reimbursement using the average manufacturer price (AMP) model – which was redefined by the Patient Protection and Affordable Care Act (PPACA).

“NACDS is currently reviewing the proposed rule with its members, and will provide comments to CMS based on this analysis,” said NACDS President and CEO Steven C. Anderson, IOM, CAE. “However, NACDS has long-expressed concerns with using AMP as a basis for pharmacy reimbursement as it is not a price paid in the marketplace but instead is a benchmark to determine manufacturer rebates in the Medicaid program.”

The legislative language in PPACA that led to the development of a new proposed rule is a direct result of an important and successful multi-year effort to defend pharmacy patient care.

NACDS and the National Community Pharmacists Association (NCPA) in November 2007 filed a lawsuit that challenged CMS' prior implementation of the AMP model in the Deficit Reduction Act of 2005. In December 2007, a federal judge issued a preliminary injunction against that rule. NACDS and NCPA withdrew their lawsuit in December 2010 after CMS formally withdrew provisions of the AMP rule related to the definition of AMP, calculation of federal upper limits (FUL) and the definition of “multiple source drug.”

According to one estimate, the prior approach that ultimately was blocked – as a result of pharmacy speaking with one voice – could have resulted in the forced closing of more than 11,000 community pharmacies – 20 percent of all stores.

In just the last few months, CMS has released four draft federal upper limits (FULs) lists. These draft FULs pose concerns for community pharmacy as there is no regulatory process in place to ensure their accuracy since CMS withdrew the AMP rule in 2007. Without a governing process in place, NACDS believes that draft FULs should not be published before a final AMP rule is effective and at that time a new set of draft FULs should be made available for public review and comment.

NACDS members have found that many of the draft FULs are below the costs to acquire these products from a wholesaler. Below cost product reimbursement, coupled with woefully inadequate dispensing fees, may threaten Medicaid beneficiaries access to prescription drugs and pharmacy services.

A letter sent by NACDS to CMS conveying concerns on these new draft FULs can be found [here](http://www.nacds.org/wmspage.cfm?parm1=7253). (<http://www.nacds.org/wmspage.cfm?parm1=7253>)

“Community pharmacy plays a vital role in improving health and reducing healthcare costs. As the face of neighborhood healthcare, community pharmacies provide unsurpassed value as their services help to prevent the need for costly forms of care, lowering healthcare costs across the board. It is important that public policy not jeopardize the highly affordable and highly effective aspects of healthcare delivery,” said Anderson.

###

The National Association of Chain Drug Stores (NACDS) represents traditional drug stores, supermarkets, and mass merchants with pharmacies – from regional chains with four stores to national companies. Chains operate more than 40,000 pharmacies and employ more than 3.5 million employees, including 130,000 pharmacists. They fill over 2.6 billion prescriptions annually, which is more than 72 percent of annual prescriptions in the United States. The total economic impact of all retail stores with pharmacies transcends their \$900 billion in annual sales. Every \$1 spent in these stores creates a ripple effect of \$1.81 in other industries, for a total economic impact of \$1.76 trillion, equal to 12 percent of GDP. For more information about NACDS, visit www.NACDS.org.

Pharmacies. The face of neighborhood healthcare.