



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

Steven C. Anderson, IOM, CAE
President & Chief Executive Officer

July 21, 2010

Donald Berwick, M.D.
Administrator, Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Ave, SW
Washington, D.C. 20201

Dear Dr. Berwick:

On behalf of the National Association of Chain Drug Stores (NACDS) membership and the patients they serve, congratulations on your appointment as Administrator of the Centers for Medicare and Medicaid Services (CMS). We look forward to working with you on issues that improve the quality of healthcare delivered to our nation's citizens.

413 North Lee Street
Alexandria, Virginia
22314

NACDS and its member companies are committed to improving patient adherence to their prescription drug regimens. A July 2009 report by the New England Healthcare Institute estimated that the overall cost of poor medication adherence, measured in otherwise avoidable medical spending, is as much as \$290 billion per year, or 13 percent of total healthcare expenditures. We strongly believe that access to neighborhood pharmacies and pharmacist-provided care can improve health outcomes for patients and reduce costs.

NACDS works extensively with the Centers for Medicare and Medicaid Services. Chain pharmacies are the primary providers of prescription drugs and pharmacy services to Medicaid and Medicare Part D beneficiaries, and are also providers in Medicare Part B and other government programs. While there are many issues within the purview of CMS that impact chain pharmacy, there are four key priorities that we wanted to bring to your attention.

Pharmacy Reimbursement in the Medicaid Program

The Patient Protection and Affordable Care Act (PPACA) includes a provision, Section 2503, that changes the way pharmacies are reimbursed for generic drugs in the Medicaid program. Community pharmacies are already an important access point for prescription drugs and pharmacy services for Medicaid patients, and will take on an even greater role when Medicaid eligibility is expanded. The implementation of Section 2503 is complex, and we believe will require rulemaking with a reasonable public comment period. We have provided you with our recommendations on the implementation of Section 2503, and look forward to working with the Agency on this and other provisions in PPACA.

(703) 549-3001

Fax (703) 836-4869

www.nacds.org

Medication Therapy Management

The Medicare Modernization Act requires Part D plans to establish medication therapy management (MTM) programs. Designed effectively, MTM programs play a key role in improving health outcomes and reducing costs. The Part D MTM benefit was improved upon and eligibility was expanded through the 2010 CMS call letter, and also as part of PPACA. These changes are important first steps in improving the quality and effectiveness of Medicare MTM services, and expanding access to the benefit to those who need it most.

Pharmacies Role in a Medical Home

NACDS is also interested in working with the Agency on Section 2703 of PPACA, Medicaid State Option to Provide Health Home to Enrollees with Chronic Conditions. We understand that this provision creates a new Medicaid state plan option for Medicaid enrollees with chronic conditions to designate a provider or team of providers as their health home. We believe that incorporating community pharmacies in health homes is critical to improving care for Medicaid beneficiaries with chronic conditions. Within a medical home model, community pharmacists could undertake activities such as medication reviews, routine preventive care, participate in hospital discharge medication reconciliation activities, and make changes to patient therapy through collaborative practice agreements with physicians.

Fraud, Waste and Abuse

We would also like to commend the agency for its recent common sense approach to fraud, waste and abuse policies. NACDS shares the Agency's goal of reducing fraud, waste and abuse in the Medicare and Medicaid programs. However, we also support policies that are based on risk, rather than one size fits all requirements that place unnecessary burdens on legitimate providers. We appreciate the recent decision by CMS to delay the implementation of changes that would automatically reject claims based on orders, certifications, and referrals made by providers that had not had their applications approved in the Medicare Provider Enrollment, Chain and Ownership System (PECOS). We have appreciated the Agency's willingness to work with the pharmacy community, and recognize our concerns that implementing the automatic rejection of claims would have disrupted beneficiary access to diabetes testing supplies and other essential Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) from their local pharmacies.

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We look forward to working with you on these and other issues that impact chain pharmacies and the patients they serve. Congratulations again on your appointment.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a prominent initial "S" and "A".

Steven C. Anderson, IOM, CAE
President and Chief Executive Officer