



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

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

March 20, 2012

The Honorable Cathy McMorris Rodgers
2421 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative McMorris Rodgers:

The National Association of Chain Drug Stores (NACDS) applauds your introduction of the “Medicare Pharmacy Transparency and Fair Auditing Act,” H.R. 4215. This legislation will protect senior Americans that receive medication benefits under Medicare Part D, and the pharmacies that serve them, from corporate middlemen known as Pharmacy Benefit Managers (PBMs). Despite their claims to the contrary, PBMs drive up prescription drug costs through their opaque practices, restrict consumers’ choice of pharmacy, and use gimmicks to deny payments to pharmacies such as unfair pharmacy audits. Nothing is more important to chain pharmacy than the health and safety of their patients. We stand with you in your commitment to protecting the well-being of senior Americans.

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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.

Your important legislation, the “Medicare Pharmacy Transparency and Fair Auditing Act,” which we are pleased to endorse, would ensure that PBMs comply with Medicare Part D requirements for providing pharmacies with critical information about how they will be reimbursed for their products and services to Part D beneficiaries. Moreover, your legislation will impose fair pharmacy audit standards upon PBMs that contract within the Medicare Part D program. This will help prevent PBMs from continuing to use their auditing gimmicks to deny pharmacies payment for their products and services. Finally, your legislation will ensure that PBMs do not keep for themselves any payments recovered from their audits and that such payment recoveries are returned to the Prescription Drug Plan (PDP) sponsor.

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Your legislation is an important step toward fully reining in the egregious practices of the PBMs. If you have any questions about this letter, please feel free to contact Carol A. Kelly, Senior Vice President for Government Affairs and Public Policy, who can be reached on 703-837-4255.

Sincerely,

Steven C. Anderson, IOM, CAE
President and CEO