

United States Senate
WASHINGTON, DC 20510

May 19, 2014

The Honorable Kathleen Sebelius
Secretary
United States Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

In July 2014, the Centers for Medicare and Medicaid Services (CMS) will publish the final Medicaid AMP-based FULs. Moreover, CMS has indicated that it expects the new FULs to be effective immediately. We believe that such a rapid implementation will pose problems for under-reimbursement of Medicaid prescriptions at the state level, which may pose access problems for beneficiaries. Accordingly, we encourage CMS to establish a one-year transition period for state implementation of the FULs, as well as for implementing any necessary dispensing fee changes by the states once the new FULs have been published along with any corresponding and necessary regulatory guidance.

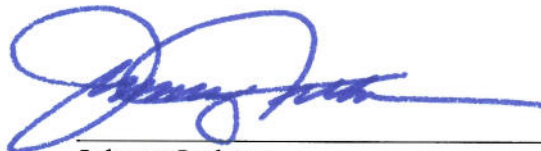
To achieve compliance consistent with CMS's notice of proposed rulemaking, which includes initiatives aimed at ensuring accurate reimbursement for both product cost and dispensing cost under Medicaid, most states will have to modify both their Medicaid drug reimbursement and their Medicaid dispensing fees. For most states, this is not possible by July 2014. Most of the states face numerous obstacles to immediate implementation, including current year legislative sessions that do not allow for Medicaid reimbursement changes, the need for legislative or regulatory changes to achieve compliance, the need for cost-of-dispensing-fee studies for calculating fair pharmacy reimbursement, and/or the need to file a State Plan Amendment to implement the new reimbursement approach. The National Association of Medicaid Directors (NAMD) has also recognized these various obstacles, as they requested from CMS in a September, 2013 letter, the creation of a transition period of up to one year for implementation.

Given these obstacles, we do not think that most states will be able to make the reimbursement and dispensing fee changes necessary to achieve compliance. Consequently, we are asking CMS to provide states with a one-year transition period.

Sincerely,



Mark R. Warner
United States Senator



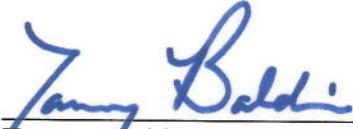
Johnny Isakson
United States Senator



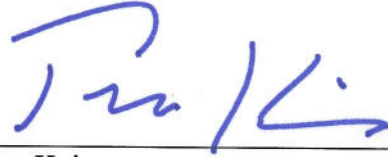
Rob Portman
United States Senator



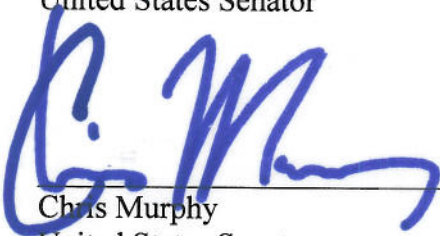
Al Franken
United States Senator



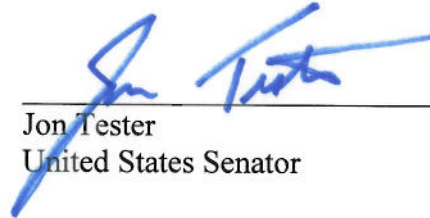
Tammy Baldwin
United States Senator



Tim Kaine
United States Senator



Chris Murphy
United States Senator



Jon Tester
United States Senator



Mark Pryor
United States Senator