



NATIONAL ASSOCIATION OF CHAIN DRUG STORES

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

November 3, 2011

The Honorable Charles Bass
United States House of Representatives
Washington, DC 20515

Dear Representative Bass:

On behalf of the National Association of Chain Drug Stores (NACDS), I am writing to offer our support for the Affordable Medicines Utilization Act, which would incentivize state Medicaid programs to increase the use of generic drugs, thereby generating savings for both state and federal governments.

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.

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The majority of Medicaid prescriptions -- 70 percent -- are filled by chain pharmacies. Local pharmacies across the country work with state Medicaid programs to promote best practices, and help to implement policies that promote the use of generic medications. Increasing generic utilization is the most effective way to control prescription drug costs.

Community pharmacies are leading the way to maximize the use of generic drugs, with a higher generic dispensing rate -- 71 percent -- than any other practice setting. For every 1% increase in generic utilization, the Medicaid program could save approximately \$809 million. For example, in calendar year 2010, the Hawaii fee for service Medicaid program had the highest generic dispensing rate in the nation, at 82.7%. If all other states could match the Hawaii rate, the Medicaid program could save \$9.49 billion. In this time of deficit reduction, we believe the Affordable Medicines Act would generate critical healthcare savings, and reward states for developing sound policies that increase generic dispensing. We are pleased to offer our strong support for this important legislation, and applaud your leadership in promoting solutions that both reduce healthcare spending and maintain patient access to more affordable healthcare services.

Sincerely,

Steven C. Anderson, IOM, CAE
President and CEO

cc: The Honorable Jo Ann Emerson, United States House of Representatives
The Honorable Peter Welch, United States House of Representatives

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