

NEWS RELEASE

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New Medicaid Reimbursement Formula Should Adhere to Health Reform Law's Provisions, Not Limit Patient Access to Pharmacies

ALEXANDRIA, Va. (Oct. 5, 2010) – The U.S. Centers for Medicare and Medicaid Services (CMS) should closely follow guidance Congress included in the [health care reform law](#) as it works to implement a new average manufacturer price (AMP) based Medicaid generic drug reimbursement formula, the National Community Pharmacists Association (NCPA) said.

“In many ways, independent community pharmacies are the backbone of Medicaid’s prescription drug benefit,” said NCPA Acting Executive Vice President and CEO Douglas Hoey, RPh. “Pharmacies will become an even more important source of health care-related services for Medicaid beneficiaries as new health care reform provisions are implemented. We look forward to working with CMS to implement these important provisions in a manner that maintains access to prescription drugs and services for Medicaid beneficiaries.”

[CMS recently withdrew](#) from a previously proposed AMP rule several provisions that would have resulted in devastating cuts in Medicaid pharmacy reimbursement to community pharmacies. The implementation of that rule was halted [through an injunction](#) obtained with NCPA’s efforts in 2007. In its [recent letter to on the new proposed regulation](#), NCPA offers CMS the following recommendations as the agency works to implement this and other provisions in the *Patient Protection and Affordable Care Act* (PPACA):

- Implement the new formula via a formal rulemaking process that allows for stakeholder input.
- Give manufacturers more direction in calculating their AMPs, such as by requiring that manufacturers include in calculation of AMP only those prices that were actually paid by wholesalers for drugs that were subsequently sold to community retail pharmacies.
- Recognize the significant negative impact that inadequate generic prescription drug reimbursement will have on community pharmacies. While the new law restores some of the planned cuts to Medicaid pharmacy reimbursement, NCPA believes that those cuts “were so severe that this partial restoration by PPACA could still result in many pharmacy closures and a reduction in patient access to pharmacies, especially in urban and rural areas.
- Minimize disruption for patients and pharmacies by setting up a process by which the revised federal upper limits (FULs) resulting from the revised AMP data will be implemented.

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The National Community Pharmacists Association (NCPA®) represents America's community pharmacists, including the owners of more than 22,700 independent community pharmacies, pharmacy franchises, and chains. Together they represent an \$88 billion health-care marketplace, employ over 65,000 pharmacists, and dispense over 40% of all retail prescriptions. To learn more go to www.ncpanet.org or read NCPA’s blog, The Dose, at <http://ncpanet.wordpress.com>.