

National Community Pharmacists Association

2010 Press Releases

NCPA Applauds House and Senate for Including Medicaid Funding for Cash-Strapped States in Passing Their 'Jobs Bill'

Alexandria, VA - August 10, 2010

The National Community Pharmacists Association (NCPA) expressed support for a six-month extension of increased Federal Medical Assistance Percentages (FMAP) for Medicaid in legislation that Congress approved today. Members of the U.S. House of Representatives returned from their August recess for an emergency session to pass the \$26.1 billion bill that includes \$16.1 billion in FMAP assistance, which the Senate had passed last week.

The bill avoids the repercussions of allowing FMAP assistance from the "American Recovery and Reinvestment Act of 2009" to end on December 31, 2010. With states experiencing continued losses in tax revenue and being obligated to balance their budgets, Medicaid cuts are in the offing without this extension. Also included was a new Average Manufacturer Price (AMP) provision for generic prescription drugs. It allows drug manufacturers to include non-retail pharmacy prices when calculating AMP for inhalation, infusion, instilled, implanted, or injectable drugs if they are not generally dispensed through retail pharmacies. As a result, states can collect manufacturer rebates on these drugs that are estimated to save \$2 billion over 10 years.

In response, NCPA Acting Executive Vice President and CEO, Douglas Hoey, RPh, issued the following statement:

"States are experiencing severe revenue shortfalls in this troubling economic environment. However, virtually all of the states are constitutionally mandated to balance their budgets, making certain programs like Medicaid targets for cuts. Unfortunately, many state governments reach that goal by dramatically reducing reimbursements to health care providers who provide these critical services, which is a penny-wise and pound-foolish policy.

"For independent community pharmacies, already working off of slim profit margins and that tend to serve a high percentage of Medicaid patients in underserved areas; these cuts would not be financially sustainable. For some, it would mean deciding to either limit or stop providing care to Medicaid patients altogether, which is the last thing that should be happening as the high rate of unemployment and underemployment forces more Americans to enroll in Medicaid. The fact is prescription drug treatment is less expensive than visits to emergency rooms and doctor's offices. But the money saved by cutting reimbursements to pharmacies in the present will be washed away in the future by more costly health care options having to be pursued by Medicaid patients. The FMAP extension helps to guard against this unfortunate, but predictable sequence of events from happening."

"However, we remain concerned with the use of the term 'not generally dispensed through a retail pharmacy' that was included in the bill about the AMP formula for the reimbursement of certain Medicaid generic prescription drugs. It is not supposed to target community pharmacies, but has

the potential to be used to underpay pharmacies and discourage generic prescription drug use. We are reaching out to the Centers for Medicare & Medicaid Services to ensure that doesn't happen, and urge the agency to set Federal Upper Limits on these drugs higher than 175% of the weighted average AMP. To do otherwise would be another penny-wise and pound-foolish policy.

"We want to provide a special thanks to Senators Harry Reid (D-NV), Blanche Lincoln (D-AR) and Patty Murray (D-WA) for working closely with NCPA throughout this process."

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>.

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