

January 9, 2017

President-Elect Donald J. Trump
Trump Tower
725 5th Ave.
New York, NY 10022

Dear President-Elect Trump:

You recently told *Time* magazine, “I’m going to bring down drug prices. I don’t like what has happened with drug prices.” I write with interest about that statement and to offer my organization’s help as your incoming Administration works to address this issue.

The National Community Pharmacists Association (NCPA) represents America’s community pharmacists, including the owners of more than 22,000 independent community pharmacies. Together they represent an \$81.5 billion health care marketplace and employ more than 250,000 individuals on a full or part-time basis. Independent community pharmacy owners are small business owners located across America—from Manhattan to Manhattan, KS to Manhattan Beach, CA. Community pharmacists are front-line health care providers who regularly talk to patients about their concerns with prescription drug costs and work to address them.

When scrutinizing escalating drug prices, it is important to look beyond the manufacturer –to certain “middlemen” in the drug supply chain. Along these lines, when Mylan was confronted with criticism over the 400 percent cost increase for its EpiPen® product, the company argued that more than half of the \$608 list price went to several players in the health care system.¹ Mylan claims it only receives \$284 of the list price (Independent community pharmacy owners receive approximately \$10-\$30 for dispensing the drug and counseling about proper administration, carrying the inventory, overhead, etc.). This naturally begs the question—Where did the other approximately \$300 go? Similarly, insulin prices have also skyrocketed yet the net revenue per prescription received by the drug’s manufacturers is reportedly falling sharply.²

So where is the money going? Pharmacy benefit managers (or PBMs) are the ones to ask.

Little-known PBMs have grown over the past few decades from prescription processing companies into enormous corporations that hold the key to rising prescription drug costs and operate in a virtual black box. Three large PBMs now control nearly 80 percent of the market. The largest PBM has increased its profit per adjusted prescription 500 percent since 2003.³ Over time, these companies have morphed into little-regulated entities that exploit their strategic position at the “middle” of nearly all drug transactions in the U.S., to extract profits from the upstream and downstream participants in the drug supply chain

¹ Mylan Taking Immediate Action to Further Enhance Access to EpiPen, Aug. 25, 2016

<http://photos.prnewswire.com/prnfull/20160825/401225-INFO>

Investor’s Business Daily, Nov. 21, 2016 ² <http://www.investors.com/politics/commentary/a-sick-calculation-about-prescription-drugs/>

³ Ibid.

while providing questionable value to the ultimate consumer. PBMs are also heavily involved in and reap enormous profits from their involvement in federally supported or subsidized health care programs (Medicare, Medicaid, etc.). One of the largest insurance companies, Aetna, is pursuing \$13 billion litigation against a major PBM over its prescription drug pricing. And recently, a New York state official claimed its PBM improperly withheld \$1.5 million in manufacturer rebates.

In light of all this, first, we recommend your Administration closely scrutinize PBM corporations and demand much greater transparency from these entities. Cleaning up the role of PBMs is instrumental to addressing prescription drug prices.

Second, we believe there are simpler, more transparent, and more economical ways to administer the important prescription benefit Americans need to get and stay healthy. Advancements in transaction and information technology now allows for straightforward prescription transactions that allow the marketplace to work to keep costs in check. We have studied prescription payment models for decades and believe we can be of assistance to your administration in its quest to get the best deal and the highest level of care for our country.

Our interests are to help citizens get the best value from their hard-earned dollars and allowing pharmacy small businesses to better serve the people in their communities. Independent community pharmacists can help solve drug problems, ensure appropriate medication use and stretch prescription dollars farther. Unfortunately, that face-to-face care is often undermined by PBM conflicts-of-interest, such as requiring or incentivizing patient use of PBM-owned mail-order pharmacies instead of the patient's pharmacy of choice.

We would like to volunteer our services to assist your Administration to achieve these objectives. If we may serve in this capacity, please contact me at Doug.Hoey@ncpanet.org or (703) 683-8200.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Douglas Hoey". The signature is fluid and cursive, with the first name "B." and last name "Hoey" clearly legible.

B. Douglas Hoey, RPh, MBA
CEO
National Community Pharmacists Association
Alexandria, VA

CC
Vice President-Elect Mike Pence