

December 9, 2015

The Honorable Fred Upton
Energy and Commerce Committee
Washington, DC 20515

The Honorable Frank Pallone
Energy and Commerce Committee
Washington, DC 20515

The Honorable Kevin Brady
Ways and Means Committee
Washington, DC 20515

The Honorable Sander Levin
House Ways and Means Committee
Washington, DC 20515

The Honorable Orrin Hatch
Finance Committee
Washington, DC 20510

The Honorable Ron Wyden
Finance Committee
Washington, DC 20510

Re: Support Small Business Competition in Medicare

Dear Chairman Upton, Ranking Member Pallone, Chairman Brady, Ranking Member Levin, Chairman Hatch and Ranking Member Wyden:

We write to voice our support for legislation that would improve access to prescription drugs for seniors and help level the playing field for small business community pharmacies operating under Medicare.

H.R. 793/S. 1190, the Ensuring Seniors Access to Local Pharmacies Act, would provide many local independent pharmacies and family-owned regional chains the opportunity to accept contract terms comparable to those limited primarily to big box retail and mail order pharmacies.

Currently, many Medicare Part D prescription drug plan sponsors (PDPs) cherry-pick certain pharmacies that they designate “preferred” and authorize those pharmacies to offer patients the lowest copayments advertised by the plan. Unfortunately, small business community pharmacies are often excluded from these arrangements, even when willing to accept identical contractual terms and conditions, including reimbursements. Moreover, often small business community pharmacies aren’t even given the opportunity see or negotiate for participation in such contracts. Forcing small business pharmacies to impose higher costs on their patients effectively steers beneficiaries to the larger competitors that the PDP has deemed “preferred.”

In many rural and urban communities, independent pharmacies may be the sole option for residents to conveniently fill their prescriptions. These pharmacies also provide employment opportunities and greatly contribute to their local economies. Yet they are still denied the opportunity to accept “preferred” pharmacy contracts.

H.R. 793/S. 1190 addresses this by allowing any pharmacy located in areas defined by the Health Resources Service Administration (HRSA) as medically underserved or as a health professional shortage area the opportunity to participate in a PDP as a preferred pharmacy. This removes

artificial price barriers and benefits patients by allowing them to choose a pharmacy that best meets their individual needs.

H.R. 793/S. 1190 is truly bipartisan in nature and a good step in the right direction to promoting small business participation and competition in Medicare. We urge Congress to act swiftly in passing this common sense legislation.

Signed,

National Federation of Independent Business
National Grocers Association