May 13, 2016

John Coster, Ph.D., R.Ph.
Director
Division of Pharmacy at Center for Medicaid and CHIP Services
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Dr. Coster:

The National Community Pharmacists Association (NCPA) is writing today in regards to the state of Texas’s Medicaid state plan amendment and its tentative fee for service (FFS) reimbursement proposal for long term care (LTC) pharmacies. NCPA represents America’s community pharmacists, including the owners of nearly 23,000 independent community pharmacies. Independent community pharmacies dispense approximately 40% of the nation’s retail prescription drugs, and forty-two percent of our members serve patients in long term care (LTC) settings.

In total, approximately 40% of the long term care market is serviced by independent community pharmacy. In addition, over half of our LTC members have a service area that is over a 50 mile radius, thus having far reach into many rural communities who rely on the special services LTC pharmacies provide.

We are concerned with the proposed move to NADAC minus 2.4% for both brand and generic drugs for LTC pharmacy only, and urge CMS to reject this proposal and reimburse LTC pharmacies at the same rate as is proposed for retail pharmacies for ingredient costs. A reimbursement rate of NADAC minus 2.4% would mean below-cost reimbursement for most of the drugs our members dispense.

We also have concerns with how the data collected by Myers and Stauffer to reach this proposed reimbursement rate was collected. For example, was combination retail/LTC pharmacy data taken into account when computing the NADAC minus 2.4% reimbursement rate for LTC pharmacies? We are concerned that this proposal is based off of data provided by only closed door LTC pharmacies who do not provide any retail services. Many of our LTC members are considered “combo shops” that provide pharmacy services to both retail customers and LTC facilities.

We are also concerned with the state’s tentative proposal to set the dispensing fee at $7.93 + 1.96% of the drug ingredient cost for all pharmacies. Our members who serve
LTC facilities provide specialized services for these frail, elderly patients and as such the cost to dispense a prescription to a LTC patient is higher than a retail pharmacy cost to dispense.

A study conducted in 2013 by researchers at Virginia Commonwealth University and Midwestern University College of Pharmacy– Glendale found that LTC pharmacy costs to dispense are, on average, 25% higher than that of a retail pharmacy. In addition, a newly released national cost of dispensing (COD) study found that the average overall COD per prescription nationwide in 2013 was $10.55 and specific to Texas the average overall COD was $10.79 or $11.11 for Medicaid.

While a LTC pharmacy specific dispensing fee should be higher than these results for retail, NCPA believes that a cost to dispense fee more in line with the figures cited here are more appropriate for the Texas proposal for LTC pharmacies.

In conclusion, NCPA respectfully urges CMS to reject the Texas state plan amendment that would set Medicaid FFS reimbursement at a NADAC minus level.

Sincerely,

Ronna B. Hauser, PharmD
VP, Pharmacy Affairs