

Submitted via e-mail to: [seema.verma@cms.hhs.gov](mailto:seema.verma@cms.hhs.gov)

June 7, 2017

Ms. Seema Verma, Administrator  
Centers for Medicare and Medicaid Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Administrator Verma:

In light of the fact that we understand the Administration is currently reviewing the policies included in the Medicaid managed care rule (88 Fed. Reg. 27498, May 6, 2016), the National Community Pharmacists Association (NCPA) would like to offer our suggestions for provisions that are critical for retention and also offer one suggestion for expansion or addition.

NCPA represents the pharmacist owners, managers and employees of more than 22,000 independent community pharmacies across the United States. The nation's independent pharmacies, independent pharmacy franchises, and independent chains dispense nearly half of the nation's retail prescription medicines. Independent pharmacists are small business entrepreneurs and multifaceted health care providers who represent a vital part of the United States' health care delivery system.

Independent community pharmacists are proud to play a vital role in the Medicaid program as the backbone of its drug benefit. Local pharmacists provide expert medication counseling and other cost-saving services that help mitigate the estimated \$290 billion that is spent annually as a result of patients who do not adhere properly to their medication regimen. More than any other segment of the pharmacy industry, independent pharmacies are often located in the underserved rural and urban areas that are home to many Medicaid recipients. In fact, independent pharmacies represent 52% of all rural retail pharmacies and there are over 1,800 independent community pharmacies operating as the only retail pharmacy within their rural communities.<sup>1</sup> For the average independent community pharmacy, 92% of

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<sup>1</sup> Based on NCPA analysis of National Council for Prescription Drug Programs (NCPDP) data, Rural Urban Commuting Area (RUCA) Codes, and 2000 U.S. Census data.

all revenues are derived from prescription sales, and 17% of all prescription revenues are from Medicaid.

**NCPA Urges Retention of Provision in Final Rule that Requires States to Develop and Enforce Network Adequacy Standards (Time and Distance Requirements) for Critical Provider Types, Including Pharmacy**

Medicaid beneficiaries are more likely to be in poorer health and many suffer from multiple chronic conditions. These patients take multiple medications and typically require an increased level of oversight and care on the part of the pharmacist to ensure that they are utilizing medications properly and adhering to their treatment regimens. Pharmacists are frequently the most accessible healthcare providers in many communities and are critical for the provision of immunizations and other preventative care services in the community. Access to pharmacy care services and prescription medications play a critical role in managing chronic conditions and staving off costly downstream medical interventions. Requiring appropriate access standards and the enforcement thereof is essential particularly in the Medicaid program given the fact that many beneficiaries may rely on public transportation or live in a very rural area with limited access to transportation.

**NCPA Urges Retention of Provision in Final Rule that Requires MCOs to Meet Medicaid Fee-for-Service Standards Regarding Availability and Prior Authorization of Covered Outpatient Prescription Drugs**

NCPA is strongly supportive of this provision of the final rule that is slated to become effective for plan contracts starting on or after July 1, 2017. As mentioned above, many Medicaid beneficiaries suffer from multiple chronic conditions. Ensuring that beneficiaries have adequate access to the necessary medications to manage these complex medical conditions is critical to reducing emergency room visits and hospitalizations commonly associated with beneficiaries with co-morbidities—ultimately saving state and federal dollars.

**CMS Should Advise States that MCOs Must Use Fee-for-Service Medicaid Pharmacy Provider Reimbursement Rates As a Minimum Reimbursement “Floor”**

Just as the Agency felt it appropriate to stipulate that MCOs maintain fee-for-service availability and prior authorization requirements related to prescription drugs, NCPA feels strongly that fee-for-service pharmacy reimbursement rates should be required for pharmacy services provided under managed care.

Medicaid services provided under fee-for-service, federal statutes [42 U.S.C. 139a(a)(13)(A)(2000)] require that pharmacy reimbursement be “sufficient to enlist enough providers so that services under the plan are available to recipients at least to the extent that those services are available to the general population.” In the absence of any protective federal “guardrail,” it is likely that managed care plans and their Pharmacy Benefit Managers (PBMs) would ratchet down reimbursement rates which could have a drastic effect on pharmacy providers as well as the vulnerable Medicaid beneficiaries that they serve.

Medicaid fee-for-service pharmacy reimbursement is now required to be based on pharmacy acquisition cost plus a reasonable cost of dispensing the medication. Any reimbursement metric that goes below this standard is likely to leave many pharmacy providers “underwater” on the medications that they dispense. In addition, the need for a federal “fee-for service” “guardrail” is now more critical than ever in light of the recent Supreme Court decision in Armstrong v. Exceptional Child Center, Inc. This decision held that providers may not challenge statutory violations related to states’ implementation of Medicaid managed care through legal action. As a result, the federal government (via HHS and CMS) is now the only entity that has the authority to intervene.

In conclusion, NCPA appreciates this opportunity to share these suggestions regarding Medicaid managed care and the provision of pharmacy care services to beneficiaries. As you move forward with any modifications to the Medicaid managed rule or the Medicaid program in general, NCPA is happy to serve as a resource on pharmacy care services and the prescription drug benefit overall.

Sincerely,

A handwritten signature in cursive script that reads "Susan Pilch".

Susan Pilch, J.D.  
Vice President, Policy and Regulatory Affairs

