

February 29, 2024

The Honorable Joseline Pena-Melnyk
Chair, Health and Government Operations Committee
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

Re: Support for HB 880

Dear Chair Pena-Melnyk and Members of the Committee:

The National Community Pharmacists Association (NCPA) is writing to express its strong support for the Managed Medicaid pharmacy reimbursement floor proposed in HB 880. NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and more than 330 independent community pharmacies in Maryland. These pharmacies employed more than 4,000 individuals and they filled nearly 21 million prescriptions in 2021, generating more than \$883 million in total sales.

Fee-for-service Medicaid reimbursement rates are transparent and both cost- and evidence-based. The Centers for Medicare and Medicaid Services requires Medicaid pharmacy programs reimburse the actual acquisition cost of drugs plus a professional dispensing fee determined by a cost of dispensing survey. We support HB 880's proposal to use the National Drug Average Acquisition Cost benchmark (NADAC), which is updated on a monthly basis. We also support the use of a professional dispensing fee from a recent cost of dispensing survey conducted by the Department of Health. NCPA encourages the State of Maryland to conduct regular cost of dispensing surveys to keep the professional dispensing fee updated and reflective of a pharmacy's cost to dispense.

Recognizing the value to taxpayers of requiring transparent reimbursements in their Medicaid managed care programs, Arkansas, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, and Ohio (dispensing fees vary based on volume) require MCOs and PBMs to reimburse pharmacies at the same rates established under the fee-for-service program. If such transparent reimbursement methodologies were adopted nationwide, federal Medicaid spending would drop by almost \$1 billion over 10 years.¹

¹ <https://www.finance.senate.gov/imo/media/doc/2020-03-13%20PDPR-SFC%20CBO%20Table.pdf>

We wish to thank Delegate Steve Johnson and Delegate Andre Johnson for their sponsorship of the bill. We urge your support of HB 880. Thank you for your time and consideration of this excellent opportunity for the State of Maryland. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style with a large initial "J" and "K".

Joel Kurzman
Director, State Government Affairs