

March 29, 2023

The Honorable Melanie Griffith
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

Re: Support for HB 382

Dear Chair Griffith and Members of the Committee:

The National Community Pharmacists Association (NCPA) is writing to express its support for the reimbursement study proposed in HB 382. While NCPA strongly supported the originally introduced HB 382 with its proposal to use the National Drug Average Acquisition Cost benchmark (NADAC) and a professional dispensing based on the State's fee-for-service methodology, we appreciate the process outlined in the amended bill.

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.

We believe a study as proposed in HB 382 will find cost savings and other benefits from transitioning away from the current Managed Medicaid reimbursement scheme. Fee-for-service Medicaid pharmacy reimbursement rates are transparent and both cost- and evidence-based. For example, NADAC is an evidence-based benchmark that is updated on a weekly basis. Similarly, professional dispensing fees are based on cost of dispensing surveys.

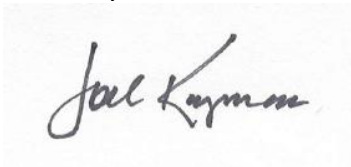
Recognizing the value to taxpayers of requiring transparent reimbursements in their Medicaid managed care programs, Arkansas, Georgia, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, and Ohio (dispensing fees vary based on volume) require MCOs and PBMs to reimburse pharmacies 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%20DPRA-SFC%20CBO%20Table.pdf>

Meanwhile, other states carve-out their Medicaid pharmacy benefits from Managed Care altogether, including California, Missouri, North Dakota, Tennessee, West Virginia, and Wisconsin. This move helped West Virginia save over \$54.4 million² and North Dakota save \$17 million³ in Medicaid spending in one year by carving its Medicaid pharmacy benefits out of the managed care program. California estimates that the carve out will save at least \$150 million⁴ a year.

We ask your support of HB 382. Thank you for your time and consideration. 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 and is centered within a white rectangular box.

Joel Kurzman
Director, State Government Affairs

² <https://dhhr.wv.gov/bms/News/Pages/West-Virginia-Medicaid-Pharmacy-Savings-Report-is-Now-Available!-.aspx>

³ <https://www.nd.gov/dhs/info/testimony/2021/house-approp-hr/hb1012-medical-services-overview-expansion-1-14.pdf>

⁴ <https://lao.ca.gov/reports/2020/4161/Medi-Cal-Budget-021420.pdf>