

# **H.R.3140 & S.1951: SAVE COMMUNITY PHARMACIES**

Congress must pass legislation to ensure continued patient access to life-saving, cost effective prescription medicines by providing an accurate pharmacy reimbursement benchmark. Please co-sponsor and support the Saving Our Community Pharmacies Act of 2007, H.R. 3140 and the Fair Medicaid Drug Payment Act of 2007, S. 1951.

## **PATIENT ACCESS TO PRESCRIPTION MEDICINES MUST BE PRESERVED**

- Patients depend on their trusted community pharmacy to provide timely access to prescription drugs. This access helps patients maintain their medication regimen and take their medicines properly, thereby promoting patient health and saving healthcare dollars.
- Pharmacists must be reimbursed accurately and fairly by Medicaid so that they can continue to provide access to our most vulnerable patients.

## **AVERAGE MANUFACTURERS PRICE (AMP) IS A DISASTER FOR MEDICAID**

- H.R. 3140 and S. 1951 address the changes made by the **Deficit Reduction Act of 2005** which makes AMP the basis for the Federal Upper Limit (FUL) on generic drugs dispensed by Medicaid. The rule on AMP becomes effective October 1, 2007 and will impact patients and pharmacies in early 2008.
- **GAO has found AMP-Based FUL is 36% below pharmacy acquisition**, on average.
- **OIG has found AMP-Based FUL is below pharmacy acquisition cost** for 19 of 25 drugs sampled.
- **Thousands of pharmacies** with large Medicaid populations may be forced to close in the first months under the AMP-Based FUL as it is currently defined. Many more will be unable to afford serving Medicaid patients.

## **H.R. 3140: RETAIL ACQUISITION COST MAKES SENSE**

- Retail Acquisition Cost (RAC) is the median price for each drug based on a quarterly survey of actual invoices subject to audit from a 5% representative sample of pharmacies nationwide.
- A FUL based on RAC will allow states to pay pharmacies accurately and preserve patient access.

## **S. 1951: NECESSARY IMPROVEMENTS TO THE AMP MODEL**

- Medicaid should use the weighted average price (rather than lowest) available to retail pharmacy, excluding special prices extended to mail order pharmacies (which do not serve the general public).
- Generic definition should be restored to 3 or more therapeutic equivalents, not just two.

## **GENERIC UTILIZATION SAVES TAXPAYER DOLLARS**

- H.R. 3140 also requires states to increase their use of cost-effective generic drugs by one to three percent each year, based on their current generic utilization rate. In 2006, generic utilization by states ranged from 42% to 65% leaving a large margin of improvement for most states.
- S. 1951 requires prior authorization for coverage of a more-expensive brand name drug when a cheaper generic alternative exists.
- Higher generic utilization will allow the government to reimburse pharmacists accurately and fairly while generating significant savings for taxpayers.

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