Subject: NCPA Opposition to Florida Medicaid Pharmacy Managed Care & Request for Personal Discussion

Dear Governor Scott:

On behalf of the National Community Pharmacists Association (NCPA) I am writing to voice NCPA’s serious concerns over Florida’s decision to transition its Medicaid population to a managed care system. NCPA feels that at least with respect to the Medicaid pharmacy benefit, Florida is attempting to build upon a questionable managed care platform that will grant out of state managed care plans and Pharmacy Benefit Managers (PBMs) an unprecedented ability to vary the amount, duration and scope of pharmacy benefits to Medicaid beneficiaries. Managed care systems have proven to regularly decrease pharmacy reimbursement to unsustainable levels, mandate the utilization of out-of-state mail order operations, and restrict citizen’s access to their trusted and accessible community pharmacies. NCPA’s concerns, often falsely countered by the managed care and PBM industry, require attention. Therefore NCPA respectfully requests a meeting to discuss this matter.

NCPA represents our nation’s community, independent pharmacists. Our members are both healthcare professionals and small business owners, who are vital to a state’s “Main Street economy.” In Florida alone, NCPA represents the interests of 1,324 independent community pharmacies. These pharmacies employ an estimated 14,034 Floridians that, through the economic multiplier effect, generate $9.7B in revenue. Moving Medicaid beneficiaries to a managed care system places an out of state “middle-man” in charge of the livelihood of these businesses and in control of their patients’ medications. Often times the results are drastic decreases to pharmacies’ bottom lines and detrimental impacts on patient’s access to care. Community pharmacists statistically serve a higher population of Medicaid patients than other pharmacy options. The negative impacts of a managed care model are felt by our members disproportionately more than any other pharmacy option.

It should also be noted that community pharmacies dispense cost-saving generic medications at a rate of 76%. The comparable figure for mail order pharmacies at Express Scripts-Medco and CVS/Caremark was 64%. This translates into a significant cost savings for patients, plans and payers. In addition, the heavy emphasis on the use of PBM-owned mail order pharmacies also decreases the critical face-to-face interaction that patients receive from their pharmacists at a community pharmacy that can have a dramatic effect on patient adherence and the proper use of their needed medications. Numerous studies have shown that face-to-face pharmacist to patient interaction is the most effective form of ensuring patient compliance with needed medications which in turn stave off needed downstream medical interventions and emergency room visits, which are extremely costly to the state.

A recent letter received by a number of Florida pharmacies demonstrates the drastic impacts that a managed care system would have on Floridians’ access to their trusted community pharmacy as well as the potential for pharmacy closing ramifications. The letter stated, with little warning and no reasonable explanation, that Medicaid patients will be forced to transition to a new CVS/Caremark limited closed network on July 9, 2012. Patients will then only be able to access medications at a CVS or Wal-Mart pharmacy, and thereby may be forced to sever the relationship they may have with their community pharmacist and receive care elsewhere. Such unfair and unethical restrictions come at a time when reports show (between 2005 and 2010) that the number of independent community pharmacies operating at a loss increased from 13.9% to 23%, and in 2010 over 50% of community pharmacies operated at a revenues margin of 2% or less.
NCPA’s concerns regarding the use of managed care for Medicaid pharmacy services are real and have come to fruition in states implementing similar models. Here are a few examples from recent years:

- In Texas, the currently on-going implementation of managed care for Medicaid pharmacy services has resulted in a notable number of community-based pharmacies going out of business. As a result, Medicaid beneficiaries have not had the same access to care that non-Medicaid beneficiaries have. (2012)

- In Arkansas, even with successful implementation of new managed care programs and notable decreases in emergency room visits, the state observed increased costs per participant and increased overall caseloads. (2009)

- In Missouri, it was concluded that a pharmacy benefit is frequently, if not always, best delivered through a consolidated, state controlled program. This provides the state with the most control, the most integrated benefit and the most cost-effective benefit. (2009)

- In Kentucky, healthcare stakeholders, including pharmacists, have consistently voiced their concerns about issues related to their managed care model and PBM practices, leading the state legislature to hold hearings to question company executives. (2012)

The above summaries come directly from states with managed care experience. The managed care and PBM industry will cite studies, namely one developed by The Lewin Group, that falsely demonstrate the cost savings of these options. We encourage you to consider the fact that this study was funded by the PMB industry, which has a clear financial interest in the results of the research. NCPA encourages you to review the attached document explaining the inherent bias and false reports of this study.

NCPA is sympathetic to the plight of all states facing serious budget deficits, however managed care implementation and overly restricting a patients access to a pharmacy of choice in the Medicaid program is not a “cure all” to this situation. NCPA feels that a state could decide to utilize managed care for certain aspects of the Medicaid benefit and still “carve out” or retain direct oversight and responsibility for the pharmacy benefit. Finally, even if managed care is utilized for all aspects of a Medicaid benefit, it must be in order to result in a benefit. Therefore, NCPA developed the attached report explaining how to implement an effective pharmacy benefit program within Medicaid including those states utilizing a managed care model. We encourage you to review this document in detail.

We respectfully request that you reconsider Florida’s move to a Managed care system and the recent transition of many of Florida’s Medicaid beneficiaries to a restricted pharmacy network. We would like to work together with your office to preserve the ability of Medicaid beneficiaries to choose their pharmacy care provider from an adequate array of choices—similar to the options available to non- Medicaid beneficiaries, and also allow Florida’s independent community pharmacies to remain an active part of Florida’s economy. NCPA respectfully requests the opportunity to meet and discuss the options available to Florida that will allow these goals to occur, including the possibility of working closely with your office to implement a managed care system that benefits all parties involved.

I welcome you to contact me with any questions or concerns you may have, and to schedule a meeting at your earliest convenience.

Sincerely,

Matthew J. DiLoreto
Director, State Government Affairs