

January 8, 2014

The Honorable Tom Harkin
Chairman
Senate HELP Committee
428 Dirksen Office Building
Washington, D.C. 20510

The Honorable Lamar Alexander
Ranking Member
Senate HELP Committee
835 Hart Office Building
Washington, D.C. 20510

The Honorable Fred Upton
Chairman
House Energy and Commerce Committee
2125 Rayburn Office Building
Washington, D.C. 20515

The Honorable Henry Waxman
Ranking Member
House Energy and Commerce Committee
2322A Rayburn Office Building
Washington, D.C. 20515

Dear Chairman Harkin, Ranking Member Alexander, Chairman Upton, and Ranking Member Waxman:

Over the last six months I have heard from so many of our members across the U.S. who have seen huge upswings in generic drug prices that are hurting patients and pharmacies ability to operate. We recently conducted a member survey on this topic and nearly 1,100 pharmacists shared their experiences handling the dramatic and unprecedented acquisition price spikes for generic drugs. Key findings from that survey include:

- 77% of pharmacists reported 26 or more instances over the past six months of a large upswing in a generic drug's acquisition price.
- Pharmacists reported patients declining their medication due to increased co-pays and others who are pushed into the Medicare coverage gap (the "donut hole") where they must pay far higher out-of-pocket costs. In some instances, patients may have been referred to other pharmacies because the community pharmacy could not absorb losses of \$40, \$60, \$100 or more per prescription filled.
- 86% of pharmacists said it took the PBM or other third-party payer between two and six months to update its reimbursement rate (but not retroactively).
- 84% of pharmacists said the acquisition price spike/lagging reimbursement trend is having a "very significant" impact on their ability to remain in business to continue serving patients.

We respectfully request that you schedule an oversight hearing to examine what factors may have led to these unmanageable spikes in generic drugs and what steps can be taken at the federal level to alleviate the burden that has been placed on our members and the patients they serve.

If you or your staff have any questions, please contact Steve Pfister, Senior Vice President of Government Affairs. We thank you for your leadership on the Senate HELP and House Energy and Commerce Committees and, as always, we stand ready to work with you on many important issues before the committees.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Douglas Hoey". The signature is written in a cursive style with a prominent initial "B".

B. Douglas Hoey, R.Ph., M.B.A.
NCPA Chief Executive Officer
National Community Pharmacists Association