APhA
American Pharmacists Association

May 20, 2025

The Honorable Mike Johnson
Speaker of the House
Capitol Building H-232
Washington, DC 20515

**RE: APhA Comments on Subtitle D—Health, PART 1—MEDICAID Providing for Reconciliation**

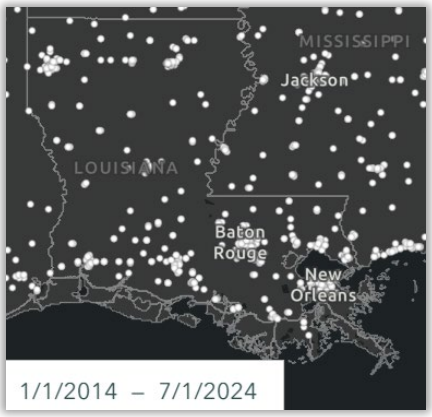
Dear Speaker Johnson:

The American Pharmacists Association (APhA) appreciates your ongoing support for the 9,612 pharmacists in the state of Louisiana and our patients.

As you know, community pharmacists in Louisiana continue to face underwater reimbursements from large pharmacy benefit managers (PBMs) that are often less than the cost of acquiring patients' necessary medications. In fact, PBM contract rates encountered by many of our members' pharmacy services administrative organizations (PSAOs) for the Medicare Part D National Performance Network are typically 5% below water on average wholesale price, or the average price paid by a retailer to buy a drug from the wholesaler. This makes it impossible for pharmacies to break even for dispensing standard generic medications. The situation is even worse for brand product medications, where all claims are zero or underwater, with extended day contracts that can go as deep as 10% or more below for pharmacies that directly contract with the large PBMs.

The PSAOs have confirmed that these PBM contracts clearly have room to provide relief to independent pharmacies, which raises the question of whether this delta is being returned to the PBMs through the practice of spread pricing. These continuing underwater PBM contracts keep leading to more and more pharmacy closures (see, Louisiana below), fewer pharmacies in Medicare Part D plan networks (with Part D plans out of compliance with § 423.120), and making it financially irresponsible for pharmacies to stock most brand medications with zero or underwater payments impacting patient access.

**Louisiana pharmacy closures over the last 10 years:**



Accordingly, APhA writes in support of the following sections of TITLE IV—ENERGY AND COMMERCE, Subtitle D—Health, PART 1—MEDICAID of the Committee Print providing for reconciliation pursuant to H. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2025:

- SEC. 44124. PREVENTING THE USE OF ABUSIVE SPREAD PRICING IN MEDICAID. The provision prohibits PBM spread pricing in Medicaid-managed care (the overcharging of Medicaid and underpaying of pharmacies) that has created PBM profits at the expense of states and patients and requires transparent and fair reimbursement (Medicaid fee-for-service rate) in all state Medicaid-managed care programs, beginning 18 months after enactment.
- SEC. 44305. MODERNIZING AND ENSURING PBM ACCOUNTABILITY. This provision delinks PBM profits from prescription drug prices for plan years beginning after January 1, 2028. The reporting requirements for pharmacy concessions will help increase transparency in Part D contracts. Additionally, it reduces PBMs' conflict of interest by banning profiting from retained rebates or spread pricing.

Another APhA-backed priority was unfortunately removed from the bill, despite being mistakenly included in the section-by-section summary. This provision would have required CMS to define “reasonable and relevant” contracting terms to enforce Medicare Part D’s “any willing pharmacy” requirements for PBMs and health plans. **APhA strongly urges you to add this needed provision back into the bill.**

Other Medicaid provisions with implications for pharmacists and our patients that should be reconsidered or modified include:

- SEC. 44106. ADDITIONAL MEDICAID PROVIDER SCREENING REQUIREMENTS. Depending on how these are implemented, this could impact pharmacists enrolled as other licensed practitioner provider types within state Medicaid programs if the national registry created by CMS does not account for pharmacists.
- SEC. 44108. INCREASING FREQUENCY OF ELIGIBILITY REDETERMINATIONS FOR CERTAIN INDIVIDUALS. If patients are removed from Medicaid more frequently, it may have an impact on pharmacies, resulting in additional administrative tasks.
- SEC. 44111. REDUCING EXPANSION FMAP FOR CERTAIN STATES PROVIDING PAYMENTS FOR HEALTHCARE FURNISHED TO CERTAIN INDIVIDUALS. The Congressional Budget Office estimated that by 2034, this option would result in approximately 5.5 million fewer people being covered by Medicaid and an increase of 2.4 million uninsured individuals, potentially leading to these patients losing Medicaid coverage for their prescriptions, which pharmacists would need to explain to these patients when they come to pick up their prescriptions.
- SEC. 44141. REQUIREMENT FOR STATES TO ESTABLISH MEDICAID COMMUNITY ENGAGEMENT REQUIREMENTS FOR CERTAIN INDIVIDUALS. This change is likely to result in many patients losing Medicaid coverage at the pharmacy counter, potentially creating inefficiencies in pharmacy workflows and increasing administrative tasks, such as calling Medicaid and returning prescriptions to stock, as well as a decrease in pharmacies’ patient populations.

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- SEC. 44142. MODIFYING COST SHARING REQUIREMENTS FOR CERTAIN EXPANSION INDIVIDUALS UNDER THE MEDICAID PROGRAM. Pharmacies may need to track and collect copays from Medicaid expansion patients starting in fiscal year 2029.
- SEC. 44123. ENSURING ACCURATE PAYMENTS TO PHARMACIES UNDER MEDICAID. This would mandate all pharmacies to participate in the National Average Drug Acquisition Cost (NADAC) or similar survey, which is currently voluntary. NADAC has caused significant volatility and lower payments to pharmacies in states with Medicaid programs that link reimbursement to NADAC, particularly when large chains began sporadically reporting lower costs. Unlike previous NADAC legislation that APhA has supported, this provision lacks additional language establishing benchmarks for Medicaid reimbursement to pharmacies that can be used to ensure fair reimbursement to pharmacies in Medicaid-managed care and commercial markets. This will likely result in NADAC payment rates decreasing significantly. The majority of state Medicaid programs and a growing number of commercial payers use NADAC to reimburse pharmacies for ingredient costs, and this will likely have broad negative financial implications for pharmacies across the country.

Pharmacists will benefit from long-overdue PBM reforms to stop the current harmful business practices of the large PBMs, such as banning spread pricing in Medicaid-managed care, which is closing more and more community pharmacies in Louisiana and around the country every year. In addition, our nation's pharmacists will encounter increased administrative burdens from several of these provisions, and they are one of the only health care providers who will need to explain to patients why their prescribed medications are no longer covered under Medicaid. As such, APhA strongly urges you to modify these proposals to protect patients' access to their trusted, local community pharmacists.

If you have any questions or would like to meet with Louisiana pharmacists to discuss the impact of these provisions, please contact APhA at mbaxter@aphanet.org.

Sincerely,

Michael Baxter

Michael Baxter
Vice President, Government Affairs