

# H.R. 3140: SAVING OUR COMMUNITY PHARMACIES ACT

Congress must pass the Saving Our Community Pharmacies Act of 2007, H.R. 3140 to provide an accurate pharmacy reimbursement benchmark and to ensure continued patient access to life-saving, cost effective prescription medicines.

## PHARMACIES MUST BE PAID ACCURATELY

- 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 will 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 below pharmacy acquisition cost** for 59 of 77 drugs sampled
  - 65% below acquisition cost for 27 high-expenditure drugs in the sample
  - 15% below acquisition cost for 27 high-frequency drugs in the sample
  - 36% below acquisition cost on average overall
- **OIG has found AMP-Based FUL is below pharmacy acquisition cost** for 19 of 25 drugs sampled
  - 5 of remaining 6 still a loss leader following inclusion of cost-to-dispense
- **Thousands of pharmacies** with large Medicaid populations may be forced to close in the first months under an AMP-Based FUL. 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.

## GENERIC UTILIZATION SAVES TAXPAYER DOLLARS

- The bill 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.
- Higher generic utilization will allow the government to reimburse pharmacists accurately and fairly while generating significant savings for taxpayers.

Contact NCPA Government Affairs: 703-683-8200