



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

Statement
Of
The National Association of Chain Drug Stores
For
U.S. House of Representatives
Ways and Means Committee
Subcommittee on Health
Hearing on:
The Medicare Durable Medical Equipment
Competitive Bidding Program
May 9, 2012
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1100 Longworth House Office Building

National Association of Chain Drug Stores (NACDS)
413 North Lee Street
Alexandria, VA 22314
703-549-3001
www.nacds.org

The National Association of Chain Drug Stores (NACDS) thanks the Members of the Subcommittee on Health for consideration of our statement for the hearing on “The Medicare Durable Medical Equipment Competitive Bidding Program” to understand how the program is impacting patients, suppliers and program expenditures.

In 2003, Congress created the Medicare Part B competitive bidding program for durable medical equipment (DME). While diabetes testing supplies (DTS) are considered DME under the Medicare program, the Centers for Medicare & Medicaid Services (CMS) has intentionally and wisely excluded diabetes testing supplies furnished by retail pharmacies from competitive bidding, thereby ensuring beneficiary access to these vital supplies. Without this exclusion, it is highly unlikely that retail pharmacies would be able to furnish DTS in Medicare, since competitive bidding reimbursement rates are below DTS product costs for retail pharmacies. Limiting access to DTS will lead to poorer health outcomes and escalating costs of care.

Early evidence suggests that beneficiaries requiring diabetes testing supplies and living in a competitive bidding area under Round One of the program have actually shifted towards obtaining their DTS from their local community pharmacy. If this is the case it would indicate that mail order providers participating in the program are unable to provide the needed supply of DTS, a situation that would only become increasingly problematic should the beneficiary option to use the retail setting be eliminated. It is necessary that retail pharmacies be maintained as a safety valve for beneficiaries in competitive bidding areas. NACDS urges a comprehensive review of Round One of the Competitive Bidding Program (CBP), with a particular focus on access to DTS, including a review of beneficiary health outcomes and the ability of mail order suppliers to provide beneficiaries with their choice of supplies in the competitive bidding areas.

Chain pharmacies, which make up 66% of retail community pharmacies, are a vital access point for both diabetes testing supplies and prescription medications. Maintaining access to

diabetes testing supplies at local pharmacies allows seniors to access all of the equipment and prescription drugs they need to manage their disease from a single source.

Pharmacists are uniquely qualified as medication experts to work with patients needing medical supplies such as diabetes testing supplies. Pharmacists play a key role in ensuring patients use their supplies in the most proper and meaningful way. Including retail pharmacies in the competitive bidding program will limit the number of options available to beneficiaries. This will also prevent some beneficiaries from continuing the relationship with pharmacists they have been using for years. Beneficiaries should have the continued ability to obtain their medical supplies from pharmacies with which they have a long-standing relationship.

One-on-one patient consultations provided by local pharmacists are often the first opportunity to identify other chronic illnesses and changes in patients' conditions, and these consultations often result in early detection, referral and treatment. Continued participation of community retail pharmacies in serving Medicare patients with medical supplies such as DTS should therefore be a priority of the Medicare program.

In addition to resisting moving any segment of retail pharmacy into the Medicare competitive bidding program, NACDS urges the following future actions under the Competitive Bidding Program to ensure beneficiary access to all retail locations which are critical to access and care coordination for diabetes patients:

- **Avoid proposals that reduce reimbursement for diabetes testing supplies obtained at a retail pharmacy to the level provided to mail order suppliers participating in the competitive bidding program, given that such an approach would not reflect the health-improving, cost-saving value of retail pharmacy services.**

- **Consider alternative approaches which would produce program savings without compromising beneficiary access and health, such as moving coverage of diabetes testing supplies from Medicare Part B to Part D.**

Do Not Lower Reimbursement for Retail DTS to Mail Order Levels

NACDS is concerned with proposals which would lower the reimbursement rate for diabetes testing supplies obtained at retail pharmacies to the level paid to mail order suppliers in the CBP. Such an approach does not take into consideration the added value, in terms of improved health and reduced costs that result from services provided by retail pharmacies. This reimbursement reduction would hurt access to care and severely limit the valuable role of pharmacist-patient interactions in reducing overall program spending. Such reduced access and the elimination of face-to-face pharmacist counseling will lead to under-testing, decreased medication adherence, poorer outcomes, and increased overall costs. We urge the Subcommittee to advance healthcare proposals that not only improve patient outcomes, but can be implemented in a manner that does not increase overall costs. Lowering reimbursement for retail DTS would accomplish neither of these goals.

Move DTS From Medicare Part B to Part D

The Committee should consider moving diabetes testing supplies from Medicare Part B to the Part D program. Prescription drugs related to diabetes, such as insulin, are provided to Medicare beneficiaries through Part D. However, durable medical equipment such as diabetes monitors, testing strips and lancets are provided to Medicare beneficiaries through Part B. This results in difficulties coordinating care.

Diabetes supplies should be covered through the Part D benefit. This would mirror commercial practices, would allow beneficiaries with diabetes to access necessary medications and supplies from the same provider if they chose, and would reduce costs by moving products to the more efficient Part D program, which continues to operate below Congressional Budget Office (CBO) projections. Conversely, proposals to expand the

competitive bidding program to include retail pharmacy-provided diabetes testing supplies are inherently flawed, as they fail to take into account that fragmenting care for Medicare beneficiaries with diabetes will inevitably result in increased costs.

CONCLUSION

NACDS thanks the Subcommittee for consideration of our comments. We look forward to working with policy makers and stakeholders on these important issues.