



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

Statement
Of
The National Association of Chain Drug Stores

For

U.S. House of Representatives
Committee on Ways and Means
Subcommittee on Health

Hearing on:

The President's and Other Bipartisan
Proposals to Reform Medicare

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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 President’s and Other Bipartisan Proposals to reform Medicare.” NACDS and the chain pharmacy industry are committed to partnering with Congress, the Centers for Medicare & Medicaid Services, patients, and other healthcare providers to improve the quality and affordability of the Medicare program.

NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies – from regional chains with four stores to national companies. Chains operate more than 41,000 pharmacies and employ more than 3.8 million employees, including 132,000 pharmacists. They fill over 2.7 billion prescriptions annually, which is more than 72 percent of annual prescriptions in the United States. The majority of Medicare Part D prescriptions are dispensed by chain pharmacies.

As the face of neighborhood healthcare, community pharmacies and pharmacists provide access to prescription medications and over the counter products, as well as cost-effective health services such as immunizations and disease screenings. Through personal interactions with patients, face-to-face consultations and convenient access to preventive care services, local pharmacists are helping to shape the healthcare delivery system of tomorrow – in partnership with doctors, nurses and others.

In recent years retail community pharmacies have played an increasingly important role in providing patient care. Activities such as the increased number of health screenings provided by pharmacists help educate patients and give them a better understanding of their health status and potential needs. Pharmacists also provide vital patient care through services such as medication therapy management (MTM) and their expanded role in providing immunizations.

Congress recognized the importance of MTM, including it as a required offering in the Medicare Part D program. The experiences of Part D beneficiaries, as well as public and private studies, have confirmed the effectiveness of pharmacist-provided MTM.

A recent report by CMS found that Medicare Part D beneficiaries with congestive heart failure and COPD who were newly enrolled in the Part D MTM program experienced increased medication adherence and discontinuation of high-risk medications. The report also found that monthly prescription drug costs for these beneficiaries were lowered by approximately \$4 to \$6 per month and that they had nearly \$400 to \$500 lower overall hospitalization costs than those who did not participate in the Part D MTM program.

How and where MTM services are provided also impacts effectiveness. A study published in the January 2012 edition of *Health Affairs* identified the key role of retail pharmacies in providing MTM services. The study found that a pharmacy-based intervention program increased patient adherence for patients with diabetes and that the benefits were greater for those who received counseling in a retail, face-to-face setting as opposed to a phone call from a mail order pharmacist. The study suggested that interventions such as in-person, face-to-face interaction between the retail pharmacist and the patient contributed to improved behavior with a return on investment of 3 to 1.

Similarly, policymakers have begun to recognize the vital role that local pharmacists can play in improving medication adherence. The role of appropriate medication use in lowering healthcare costs was recently acknowledged by the Congressional Budget Office (CBO). The CBO revised its methodology for scoring proposals related to Medicare Part D and found that for each one percent increase in the number of prescriptions filled by beneficiaries there is a corresponding decrease in overall Medicare medical spending. When projected to the entire population, this translates into a savings of \$1.7 billion in overall healthcare costs, or a savings of \$5.76 for every person in the U.S. for every one percent increase in the number of prescriptions filled.

Congress recognized the importance of MTM on a bipartisan basis, including it as a required offering in the Medicare Part D program. We urge Congress to build on this earlier action, and strengthen the MTM benefit in Medicare Part D through support of *the Medication Therapy Management Empowerment Act of 2013*, H.R. 1024 sponsored by Representative Cathy McMorris Rodgers (R-WA) (Senate companion legislation S. 557). This important legislation

would improve access to MTM services for Medicare Part D beneficiaries leading to increased healthcare quality and reduced overall healthcare costs. Under the legislation, Medicare Part D beneficiaries who suffer from one, rather than multiple, chronic diseases that account for high spending in the Medicare program would be eligible for MTM services. We urge members to co-sponsor H.R. 1024.

Additionally, NACDS believes the choice of where to obtain prescription drugs and pharmacy services should be left to Medicare beneficiaries. In order to make an informed choice, it is important for beneficiaries to have clear information. According to a Medicare Payment Advisory Committee (MedPAC) report, approximately 12.5 percent of Medicare beneficiaries were enrolled in a Prescription Drug Plan (PDP), and three percent in a Medicare Advantage Plan with a preferred network design. Participation in preferred networks is increasing.

We applaud efforts by CMS to ensure beneficiaries are fully educated when making plan selections and do not make selections based on ambiguous information. NACDS recommends that all beneficiaries be given clear instructions that, regardless of plan selection, they still retain the right to have a prescription filled at the pharmacy of their choosing and are not required to obtain their prescriptions at a preferred network. Ensuring beneficiary awareness of this policy will lead to less confusion and will allow beneficiaries to continue to utilize the pharmacy of their choice.

While beneficiary cost sharing may encourage the use of a preferred pharmacy, it should not be so significant as to disadvantage Medicare beneficiaries who rely on a pharmacy not in the preferred network. This may be particularly important in rural and urban areas, where beneficiaries would have to travel long distances to access preferred network pharmacies.

Despite the proven effectiveness of pharmacists in delivering preventive services such as immunizations and MTM, limitations remain in place that prevent pharmacists from practicing to the maximum of their capabilities. These limitations have prevented local retail pharmacists from participating in the various new innovative programs, such as those being supported by the Center for Medicare and Medication Innovation (Innovation Center). These include the new

Accountable Care Organization Models, community-based transitions of care, and bundled payment initiatives.

Permitting pharmacists to practice to their maximum capabilities within these new delivery models would help increase medication adherence and coordination between healthcare settings, result in higher rates of vaccinations, and reduce the burden of the physician shortage, particularly with the influx of new patients in 2014 through the Healthcare Marketplaces and the expansion of Medicaid eligibility. As we move forward with the reform of the healthcare delivery system and improving Medicare, it is imperative for all healthcare providers to practice to their maximum capabilities, working in partnership to provide accessible, high quality care to patients.

Thank you for the opportunity to share our views. We look forward to continuing to work with the committee to advance policies that improve care for Medicare beneficiaries.