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Pharmacy Reimbursement Modernization Needed, Report Says

NACDS, NCPA and NASP: Patient access, fairness to pharmacies merit attention of policymakers

Study: Pharmacies' cost of dispensing Medicaid prescriptions exceeds the dispensing fee paid by 46 of 47 states

This is the first national study to evaluate the costs of dispensing specialty drugs

Washington, D.C. – Pharmacy reimbursement paid by state Medicaid programs requires a fresh look and modernization, according to a new *Cost of Dispensing Study* commissioned by the National Association of Chain Drug Stores (NACDS), the National Community Pharmacists Association (NCPA) and the National Association of Specialty Pharmacy (NASP).

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In releasing the study, NACDS, NCPA and NASP made the following joint statement:

“The barriers faced by pharmacies and pharmacists, and the patients who rely on them, continue to mount. This study equips state Medicaid programs, state legislators and governors with the information to align their programs with the access needs of the most vulnerable patients, and with fairness for pharmacy patient care. Assuring access to pharmacy services is critical for maintaining patient health and for preventing more expensive forms of care. Given that this is the first national study to evaluate the costs of dispensing specialty drugs, we look forward to helping to pioneer discussions on this rapidly emerging and evolving issue.”

The 2020 *Cost of Dispensing Study* reflects data from 2018, and makes possible comparisons with previous reports that reported data from 2014 and 2006. The following are key take-aways for pharmacy reimbursement from the latest report:

- The average overall cost of dispensing in 2018 was \$12.40 per prescription (up from \$10.55 in 2014), and \$12.45 for Medicaid prescriptions (up from \$10.30 for Medicaid).
- Of the 47 states that currently pay pharmacies cost-based dispensing fees, only North Dakota pays dispensing fees that cover the average costs of dispensing of \$12.40.
- The average specialty drug cost of dispensing in 2018 was \$73.58.
- The study will be similarly useful in advocacy with states that use fee-for-service and managed care.
- Because this is the first national study to evaluate the cost of dispensing specialty drugs, the study is seen as a foundation to encourage more analysis and focus on reimbursement rates for these medications.

Federal Medicaid rules require state Medicaid fee-for-service programs to pay pharmacies dispensing fees that cover pharmacies' costs of dispensing prescription medications and providing related benefit and coverage services. These dispensing fees are separate from the reimbursement for the medication product itself and from care coordination and other pharmacy care services. Dispensing fees take into consideration payroll and the array of other pharmacy department and facility costs – ranging from computer systems, to transaction fees, to utilities and beyond.

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Founded in 1898, the National Community Pharmacists Association (NCPA) is the voice for the community pharmacist, representing over 21,000 pharmacies that employ approximately 250,000 individuals nationwide. Community pharmacies are rooted in the communities where they are located and are among America's most accessible health care providers.

The National Association of Chain Drug Stores (NACDS) represents traditional drug stores, supermarkets and mass merchants with pharmacies. Chains operate nearly 40,000 pharmacies, and NACDS' 80 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability.

The National Association of Specialty Pharmacy (NASP) is the only national association representing all stakeholders in the specialty pharmacy industry. NASP members include the nation's leading independent specialty pharmacies, pharmaceutical and biotechnology manufacturers, group purchasing organizations, patient advocacy groups, integrated delivery systems, health plans and PBMs, technology and data management vendors, wholesalers/distributors and practicing pharmacists. With over 125 corporate members and 2000 individual members, NASP is the unified voice of specialty pharmacy in the United States.