

October 12, 2023

The Honorable Julie M. Rogers  
Chair, House Health Policy Committee  
P.O. Box 30014  
Lansing, Michigan 48909-7514

Dear Chair Rogers and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of HB 4276, legislation that moves Medicaid pharmacy reimbursement policy from the budget boilerplate and codifies it in Act 280 of 1939, The Social Welfare Act.

NCPA represents the interest of America's community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and more than 800 independent community pharmacies in Michigan. These pharmacies employed more than 9,800 residents and they filled nearly 51 million prescriptions in 2021.

Moving pharmacy reimbursement into statute makes permanent the wise public policy changes legislated in 2020 and ensures greater stability to independent community pharmacies and the patients they serve. Michigan is just one of ten states to create a reimbursement floor in its Managed Medicaid program based on fee-for-service reimbursement methodology. By using this transparent reimbursement methodology, Michigan avoids spread pricing that can cost millions of dollars in overcharges, as officials in Ohio, Kentucky, and other states have found after investigating the PBMs serving state-funded benefit plans.<sup>3</sup> If such transparent reimbursement methodologies were adopted nationwide, federal Medicaid spending would drop by almost \$1 billion over 10 years.<sup>4</sup>

In short, Michigan has effective public policy in place that benefits both patients and the local independent pharmacies on whom they rely. NCPA believes this policy should be codified, so we urge you to advance this important legislation. We wish to thank Representative Farhat for his

<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

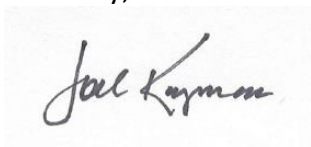
<sup>2</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

<sup>3</sup> Auditor of State of Ohio, *Auditor's Report: Pharmacy Benefit Managers Take Fees of 31% on Generic Drugs Worth \$208M in One-Year Period*, (Aug. 16, 2018) <https://ohioauditor.gov/news/pressreleases/Details/5042>. Kentucky Department for Medicaid Services, *Medicaid Pharmacy Pricing: Opening the Black Box* 5, 8 (Feb. 19, 2019), [https://chfs.ky.gov/agencies/ohda/Documents1/CHFS\\_Medicaid\\_Pharmacy\\_Pricing.pdf](https://chfs.ky.gov/agencies/ohda/Documents1/CHFS_Medicaid_Pharmacy_Pricing.pdf).

<sup>4</sup> <https://www.finance.senate.gov/imo/media/doc/2020-03-13%20PDPRA-SFC%20CBO%20Table.pdf>

leadership on the bill. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org).

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style with a large initial "J" and "K".

Joel Kurzman  
Director, State Government Affairs