

Committee on Ways and Means

Medicare Prescription Drug, Improvement, and Modernization Act of 2003

Addressing Pharmacy Concerns in the Medicare Modernization Conference Report

Pharmacies are concerned about beneficiary access to pharmacies, pricing transparency issues and insurance risk. The conference report would address their concerns in a number of ways and is a significant improvement over last year's bill, H.R. 4954, the "Medicare Modernization and Prescription Drug Act of 2002."

ACCESS

- **'Any willing provider.'** The conference report would require plans to accept any and all pharmacies willing to agree to the terms and conditions of the plan.
- **Convenient access to pharmacies.** The conference report adopts the current Department of Defense TRICARE Standard for Prescription Drug Plans to ensure convenient access to pharmacies.
 - Urban: a pharmacy within two miles of 90% of the beneficiaries;
 - Suburban: a pharmacy within five miles of 90% of the beneficiaries;
 - Rural: a pharmacy within 15 miles of 70% of the beneficiaries.
- Even with any willing pharmacy, it is necessary to include access requirements to ensure adequate networks for beneficiaries.
- **Mail order.** The conference report would require plans to permit beneficiaries to fill their prescription at a community pharmacy rather than mail order. Beneficiaries would pay any differential between mail order and retail.
 - Mail order only would be prohibited. Seniors must have access to a brick and mortar pharmacy.
 - The Federal Trade Commission is tasked to study whether pharmaceutical benefit managers that own their own mail order pharmacies has resulted in a conflict of interest and a higher price for consumers.

PRICING TRANSPARENCY

- **Transparency.** Pharmacies have asserted that Pharmacy Benefit Managers (PBMs) are not passing rebates and discounts to seniors and pharmacies. In addition, recent articles in the *Wall Street Journal* suggest there may be illegal or inappropriate kickbacks from drug manufacturers to PBMs.
- The conference report would require all discounts, rebates, and charge backs to be disclosed to the Secretary. Proprietary information would be confidential.

INSURANCE RISK

- **Pushing risk down to pharmacies.** Some pharmacies argue that under the conference report PBMs would push insurance risk down to pharmacies. The conference report would prevent this by clarifying that pharmacies could not accept insurance risk.