



April 5, 2023

The Honorable Peter Welch
G-12 Dirksen Senate Office Building
Washington DC, 20510

The Honorable Roger Marshall
479 Russell Senate Office Building
Washington DC, 20002

Dear Senators Welch and Marshall:

The American Pharmacists Association (APhA) applauds the introduction of S.1038, the *Drug Price Transparency in Medicaid Act of 2023*. Your legislation would reign in PBMs' unfair and anticompetitive business practices that are harming the viability of our nation's pharmacies.

APhA is the largest association of pharmacists in the United States advancing the entire pharmacy profession. APhA represents pharmacists and pharmacy personnel in all practice settings, including community pharmacies, hospitals, long-term care facilities, specialty pharmacies, community health centers, physician offices, ambulatory clinics, managed care organizations, hospice settings, and government facilities. Our members strive to improve medication use, advance patient care, and enhance public health.

APhA strongly supports this legislation to eliminate one of PBMs' harmful business practices, "spread pricing," which is increasing drug costs at the expense of Medicaid patients and creating 'pharmacy deserts' in minority and underserved communities, where the neighborhood pharmacy may be the only health care provider for miles. This legislation will go a long way toward ensuring patients have access to critical health care providers, such as pharmacists. In fact, recent statistics show that while many Americans do not have immediate access to a physician, over 90 percent of Americans are within 5 miles of a pharmacist.

APhA has long supported the ban of spread pricing, which is a practice in which a PBM charges the state or health plan more than they pay the pharmacy for a medication and then keeps the "spread" as a profit, often reimbursing the pharmacy for less than their cost to acquire the drug. In a recent survey of pharmacists conducted by APhA, 82% of respondents agreed that spread pricing impacts their pharmacy and the patient care they provide. This hurts pharmacies' ability to stay in business and provide care to the vulnerable Medicaid beneficiaries whom they serve. Spread pricing is especially harmful to independent pharmacies, which are often the only pharmacies operating in rural areas. This legislation would also move all state Medicaid managed care programs to a market-based reimbursement model that more closely reflects the true acquisition costs of prescription drugs in Medicaid plus a fair professional dispensing fee.

We thank you for your leadership on this issue and continued support to ensure patients have the proper access to care that pharmacies can provide. We look forward to supporting your efforts to advance this important legislation to improve access to care for our nation's Medicaid beneficiaries.

Please contact Doug Huynh, JD, APhA Director of Congressional Affairs, at dhuyh@aphanet.org if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Michael Baxter". The signature is written in a cursive, slightly slanted style.

Michael Baxter
Acting Head of Government Affairs
American Pharmacists Association