



July 11, 2017

Members of the Joint Committee on Health Care Financing
State House
Boston, MA 02133

Re: Comment on H.3582 – An Act prohibiting certain pharmacy claims fees

Members of the Joint Committee on Health Care Financing:

Thank you on behalf of the Pharmaceutical Care Management Association (PCMA) for the opportunity to offer comments H.3582, An Act prohibiting certain pharmacy claims fees. PCMA is the national association representing America's pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage provided through Fortune 500 employers, health insurance plans, labor unions, state and federal employee-benefit plans, and Medicare.

H.3582 prohibits pharmacy benefit managers (PBMs) from charging fees for a pharmacy to gain access to valuable, contractually agreed to services through an updated, innovative IT system. These services include claims adjudication; processing or transmission of claims; the development or management of a claim processing or adjudication network; or participation in a claim processing or adjudication network.

Fees Maintain Pharmacy Access to Convenient Systems and Drive Business

- Pharmacy benefit managers (PBMs) maintain robust IT systems to allow them to administer benefits for employers, health plans, and many government programs across the country—serving more than 216 million people. PBMs also contract with pharmacies to enable patients to fill prescriptions through their chosen benefit plan.
- For decades, pharmacies have agreed to contractual arrangements in which—for access to a PBM's health plan and employer clients' members and other services—they pay a fee. This allows pharmacies convenient and timely access to the business of hundreds of millions of consumers.

Fees Support Robust Information Systems That Help Pharmacies

- Fees help support access to the PBM's IT systems that allow pharmacies to fill prescriptions from nearly any benefit plan. This system assists in streamlining the process for pharmacies that would otherwise have to contract with individual employers and plans in order to provide services to their beneficiaries.
- Fees also support maintaining help lines, benefit manuals, and other services provided to the pharmacy by the PBM.

Pharmaceutical Care Management Association
325 7th Street, NW, 9th Floor
Washington, DC 20004
www.pcmanet.org



Fees Are Part of Contractual Arrangements between PBMs and Pharmacies

- Pharmacies agree to certain fees in their contractual arrangements with PBMs. These fees are not unlike those paid by retailers to credit card companies in exchange for the risk of consumer fraud and for immediate payment for purchases, or the fees that banks charge consumers for ready access to cash through ATMs.
- Pharmacies freely enter into contracts with PBMs, agreeing to pay these fees in return for access to PBM services that enhance their own business practices.

H.3582 would also prohibit the future use of performance based contracting in Massachusetts. Performance based contracting promotes affordable, quality care from all health care providers (doctors, hospitals and pharmacists). Performance based incentives are either added to or taken from the pharmacy reimbursement, not the patients cost sharing. You cannot measure pharmacy quality performance until after they have performed something to measure. Performance based reimbursement is used in contracting with many health care providers including hospitals, doctors, and in the Medicare Part D program. It is not unreasonable to expect pharmacists to participate in value based purchasing arrangements common in the rest of the health care system.

H.B. 3582 is government interference into private contracts and provides no value to patients or the health care system as a whole. Instead, it stifles innovation and shifts costs throughout the health care system.

In closing, PCMA urges the committee to oppose H.3582. Thank you for the opportunity to provide input. If you have any questions please feel free to contact me at 270-454-1773.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melodie Shrader", is written over a light blue horizontal line.

Melodie Shrader
Senior Director
State Affairs