



News Release

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SPECIAL INTERESTS HOLD UP MEDICAID DRUG REFORM

NCPA Study: State Drug Fees Illogical

(DALLAS-May 1, 2012) By obstructing state efforts to reform Medicaid drug programs, lobbyists drive up taxpayer costs, according to a [new study](#) by the National Center for Policy Analysis ([NCPA](#)).

The study notes that groups, such as pharmacy trade associations, frequently oppose the efforts of individual states to let privately run, Medicaid drug plans negotiate dispensing fees with participating pharmacies, even though the savings can be tremendous.

“For example, Wal-Mart and other major retailers sell hundreds of generic drugs for \$4 per prescription; this includes the dispensing fee and the drug itself, said NCPA Senior Fellow Devon Herrick. “So why do Alabama, Alaska and Oregon pay more than \$10 to \$14 for each Rx dispensing fee, *in addition* to the cost of the drug?”

The answer, said Herrick, is “lobbyists, drug store and other special interests want to maintain the status quo.”

Points from [State Reform of Medicaid Drug Programs](#) include:

- Drug spending is one of the fastest growing components of the Medicaid program
- Medicaid spending will increase significantly because of the Affordable Care Act
- How to cut costs through competitive market rates for dispensing drugs and more use of generic drugs over brand name.

United States map graphic of drug dispensing fees: <http://www.ncpa.org/images/2314.jpg>

Other cost-savings strategies include coordinating and tracking drug therapies, establishing reimbursement rates for drug makers similar to what commercial drug plans pay, and empowering patients with control of some of the dollars spent on their drug therapies so that they become better consumers.

Full study: <http://www.ncpa.org/pdfs/bg165.pdf>

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