

The Medicaid Choice: Cut Benefits for Patients or Overpayments to Independent Drugstores

WASHINGTON, June 15, 2011 – *New Ad Campaign: Medicaid Pays More than Medicare, Fortune 500 Companies for Prescription Drugs*



PRNewswire-USNewswire -- A new ad campaign launched today highlights the clear choice policymakers in states across the country have in finding savings for their state's Medicaid program: cut benefits for patients or billions in overpayments to independent drugstores. States and the federal government could save \$33 billion over the next decade by cutting independent drugstore overpayments and modernizing pharmacy benefits to be more like those in Medicare and commercial plans.

"Taxpayers shouldn't pay more for Medicaid drug benefits than Fortune 500 companies and Medicare," said Pharmaceutical Care Management Association (PCMA) President and CEO Mark Merritt. "Currently, the program uses fewer generic drugs and pays drugstores more than double the fees that Medicare or private insurers pay. Over the next decade, states and the federal government could save \$33 billion – without cutting benefits or payments to doctors and hospitals – by modernizing Medicaid pharmacy benefits."

Transitioning to a more efficient and affordable pharmacy benefit model would save states across the country billions without limiting access the National Center for Policy Analysis (NCPA) announced in a new white paper, "Increasing the Cost-Effectiveness of Medicaid Drug Programs."

Most state Medicaid programs pay too much for prescription drugs because they use an archaic, fee-for-service approach in which state officials set payment rates and are therefore constantly lobbied to inflate them by special interests like pharmacists. To avoid this trap, most non-Medicaid drug benefits programs -- like those offered by Medicare, employers and unions -- rely upon independent, third party pharmacy benefit experts to negotiate competitive rates with pharmacies. These programs also reduce costs by employing cutting-edge, market-proven strategies to increase the use of generics. Polling finds voters would rather modernize Medicaid pharmacy than cut benefits for patients or payments to doctors and hospitals.

Research shows consumers have broad access to pharmacy choices in urban, suburban, and rural areas, as an average of 21 pharmacies are located and compete near independent pharmacies throughout the United States. The independent drugstore lobby's own economic report found that 400 new stores opened last year amidst what was a very profitable year for the industry despite the economic downturn.

PCMA represents the nation's pharmacy benefit managers (PBMs), which improve affordability and quality of care through the use of electronic prescribing (e-prescribing), generic alternatives, mail-service pharmacies, and other innovative tools for 200-plus million Americans.

SOURCE Pharmaceutical Care Management Association