



## ***Protecting Pharmacies in Medicaid Act***

**Introduced By:** Senators Peter Welch (D-Vt.); Roger Marshall (R-Kan); Mark Warner (D-Va); Bill Cassidy (R-La)

### **Background:**

Pharmacy Benefit Managers' (PBM) abusive pricing techniques such as "spread pricing" are exacerbating the health care crisis across the country. Spread pricing, a technique where PBMs charge Medicaid more than they pay pharmacies for a particular drug, increases corporate profits while driving up costs for Medicaid. PBMs' use of spread pricing has also [been linked to the increasing failure rate for independent pharmacies](#), which provide a critical source of health care and community for rural communities across the United States. As a result, drug prices are skyrocketing for Medicaid beneficiaries and pharmacies are forced to close in the absence of fair reimbursement.

Between 2018 and 2021, more pharmacies closed than opened in Vermont and across the country. In Vermont, [28 pharmacies](#) have closed in the past five years, leaving only 126 pharmacies operating in the state. In 2022, [21%](#) of Vermont's census tracts were located in a "pharmacy desert," an area with low access to a pharmacy, with most pharmacy deserts concentrated in rural areas. Across the country, 18 states—including Kansas, Louisiana, and Virginia—have prohibited spread pricing in their state Medicaid programs to protect rural communities' access to health care.

### **Legislation:**

The *Protecting Pharmacies in Medicaid Act* would crack down on PBMs' use of spread pricing to keep more money in consumer's pockets. This bipartisan legislation:

- Saves Medicaid an estimated [\\$2 billion](#) over 10 years.
- Requires a pass-through in all Medicaid managed care programs by ensuring that pharmacy reimbursements are at a rate of pharmacy's average acquisition costs and dispensing fee.
- Mandates that all pharmacies participating in state Medicaid programs participate in the National Average Drug Acquisition Costs survey to improve drug-pricing transparency.

### **Supporting Organizations:**

The *Protecting Pharmacies in Medicaid Act* is endorsed by the Food Industry Association (FMI), National Association of Specialty Pharmacy, National Association of Chain Drug Stores, and the National Community Pharmacist Association.