

Medicare Pharmacy Choice and Access – S. 1044/H.R. 1939

Background

Medicare beneficiary access to prescription drugs is impeded by mandates from insurance middlemen (pharmacy benefit managers or PBMs) that effectively dictate which pharmacy to use based on exclusionary “preferred pharmacy” arrangements between PBMs and, often, Big Box pharmacies. Independent community pharmacies are not allowed to participate in some of these arrangements, even if they offer to accept the Part D plan’s same contract terms and conditions. This can raise access issues for patients in underserved areas in which independent community pharmacies are predominantly located.

Solution

The Ensuring Seniors Access to Local Pharmacies Act, S. 1044/H.R. 1939, bipartisan companion bills introduced in the Senate by Sens. Shelley Moore Capito (R-W.Va.) and Sherrod Brown (D-Ohio) and by Reps. Morgan Griffith (R-Va.) and Peter Welch (D-Vt.) in the House that would:

- **Give seniors more access to discounted copays for prescription drugs at their pharmacy of choice.** S. 1044/H.R. 1939 would allow community pharmacies that are in medically underserved areas, medically underserved populations, or health professional shortage areas to participate in Medicare Part D preferred pharmacy networks so long as they are willing to accept the contract terms and conditions. A study estimated 3 million rural residents are at risk of losing the only pharmacy in their community with the next nearest pharmacy over 10 miles away.¹ For seniors in these communities, having their community’s sole pharmacy excluded from networks creates unnecessary barriers to medication access.
- **Increase competition among pharmacies and Part D drug plans.** By expanding the number of pharmacies that may be able to offer discounted copays for Medicare Part D prescription drugs, S. 1044/H.R. 1939 would empower more seniors to choose the pharmacy that best fits their needs.
- **Produce cost savings for the government and taxpayers.** The Centers for Medicare & Medicaid Services concluded that pharmacy choice policies are “the best way to encourage price competition and lower costs in the Part D program.”² However, Congress must act because Medicare has refrained from implementing the pharmacy choice policy.

S. 1044/H.R. 1939 will NOT...

- **Undermine the Medicare Part D program.** Those opposed to greater access for seniors to copay discounts will claim that this legislation would spell the end of “preferred pharmacy” drug plans. They’re wrong. This legislation simply increases choice for patients and competition among pharmacies.
- **Increase Medicare premiums or costs.** After conducting a study, Medicare officials concluded that they can no longer assume that preferred networks are less expensive for the government. They identified instances where such networks were in fact costlier to the program.³ Moreover, a leading health care economist has demonstrated how pharmacy choice can lower Medicare costs by increasing competition.⁴

¹ RUPRI Center for Rural Health Policy Analysis. “Issues Confronting Rural Pharmacies after a Decade of Medicare Part D.” April, 2017.

² Centers for Medicare & Medicaid Services. “Announcement of Calendar Year (CY) 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter.” April 1, 2013.

³ Centers for Medicare & Medicaid Services. “Part D Claim Analysis: Negotiated Pricing Between Preferred and Non-Preferred Pharmacy Networks.” April 30, 2013.

⁴ Eisenstadt, David M. “How H.R. 4577’s Any Willing Pharmacy Provision Could Leave Drug Prices Unchanged.” August 6, 2014.