



Capitol Agenda

THE INDEPENDENT FORUM

States Moving to Enact PBM Regulation Legislation

It has been an active year for state legislation to meaningfully regulate PBM's to end their abusive practices.

Utilizing the 2018 National Conference of Insurance Legislators (NCOIL) PBM regulation and licensure model legislation, over 45 states have bills introduced to fully regulate PBM activities in their state. These state bills address PBM abuses by: 1) fully and directly regulating PBMs under state insurance laws separately from health insurers; 2) creating conflicts of interests standards against PBM "steering" and mail-order practices; 3) prohibiting retroactive pharmacy payment "clawback"; 4) eliminating PBM contract provisions for patient "clawback" and pharmacists "gag orders"; and 5) stricter regulation of PBM reimbursement formulas (MAC, GER) and audit practices.

IPC has been actively involved in the advocacy and grassroots efforts to develop broad support for enacting PBM regulation bills in several states and is closely monitoring their status.

340B: What You Need to Know



340B contract pharmacies assist their communities and 340B covered entities by providing a revenue stream that supports indigent patients. 340B offers retail pharmacy an opportunity to diversify their offerings while increasing margins. Pharmacies should consider all the challenges surrounding reimbursements and inventory when contracting with a 340B covered entity. 340B contract pharmacies must have a business development plan that allows the pharmacy to capture business from the 340B covered entity. For more information around business development or contracting with a 340B covered entity contact IPC Pharmacy Services at 800-755-1531.

Montana PBM Reform Bill Signed into Law



Montana Governor Steve Bullock (D-Mont.) recently signed SB 83, a precedent setting PBM reform bill into law. The legislation levels the playing field for family-owned pharmacies and protects Montana patients' access to life-saving medications. Montana is now one of a handful of states in the nation to enact legislation that increases price transparency and accountability while addressing PBM abusive practices.

The legislation prevents PBMs and health insurers from imposing fees on family-owned pharmacies

if they are not apparent at the point-of-sale or at the time the claim is processed (DIR). The legislation also prohibits PBMs and health insurers from charging a patient a copayment that exceeds the total cost of the medication.

Even with fierce opposition from all the major PBMs, this common sense, patient and taxpayer friendly bill passed with overwhelming bi-partisan support. In addition, Governor Bullock took the opportunity to strengthen the bill by removing an onerous contract provision the PBMs supported.

IPC Supports Changes to DIR Administration

In January, IPC provided comments to the Centers for Medicare and Medicaid Services (CMS). IPC shares the administration's goal of lowering patient out-of-pocket costs, stabilizing the operating environment for pharmacy, and ensuring a more competitive and efficient Part D program. IPC stated that CMS should provide transparency and reduce costs for Medicare patients by finalizing Part D rulemaking that would: 1) eliminate or require all pharmacy DIR fees to

be applied at the point of sale; and 2) preserve and enhance fully transparent performance-based programs as well as appeal adverse determinations. IPC also supports the "Improving Transparency and Accuracy in Medicare Part D Drug Spending Act," HR 803 introduced by Rep. Peter Welch (D-Vt.) and Rep. Morgan Griffith (R-Va.) that would prohibit Medicare Part D plan sponsors/ PBMs from retroactively reducing payment on clean claims submitted by pharmacies.

Government Entities Examining PBM Abuses Increase

Following the lead set in 2018 by Arkansas, Kentucky and Ohio, other states are taking action against Medicaid managed care spread pricing. This year at least 10 other states are investigating PBM MCO spread pricing abuses. Of special note, California, with the largest state Medicaid program, will move to fully carve-out their Medicaid prescription program by 2021. Importantly, in April 2019, U.S. Senate Finance Committee Chair Sen. Chuck Grassley (R-IA) and Ranking Minority Member Sen. Ron Wyden (D-OR) asked the U.S. Department of Health and Human Services Office of the Inspector General (OIG) to investigate PBM anti-competitive practice, especially spread pricing in states use of Medicaid managed care for prescription benefits.

2019 IPC Congressional Fly-In

On March 27th, the IPC Board of Directors and IPC executive staff members participated in a Congressional Fly-In Event in Washington, D.C., where they met with their respective senators, representatives and staff. The issues discussed included DIR legislation, manufacturer rebate safe harbor elimination and PBM conflict of



IPC Board Members Paul Grisnik, Chris Darling (Chairman of the Board), and John Coler at the United States Capitol Building.

interests. IPC Chairman of the Board Christopher Darling stated: "With over 2500 member pharmacies nationwide, IPC is excited to flex our grassroots muscle and the event serves as a call to action for other organizations to get involved." IPC will continue to advocate federally and in the states on behalf of independent pharmacy.



IPC staff and board members met with the office of U.S. Senator Pat Roberts (R-KS). (l to r) IPC Board Member Vicki Einhellig, IPC Board Member Scott Patterson, IPC SVP of Government Relations Mark Kinney, IPC Board Member Michael Deninger, IPC Board Member Mona Ghattas.



(l to r) IPC SVP of Sales & Strategic Alliances Randy Engen, IPC President & CEO Don Anderson, IPC Board Member Kari VanderHouwen, U.S. Representative Cathy McMorris Rodgers, IPC Board Member David Vasenden, IPC EVP Pharmacy Services & Operations Phil Cadero.



1550 Columbus Street
Sun Prairie, WI 53590

Capitol Agenda

THE INDEPENDENT FORUM

IPC at Work for You!



For more Government Relations info go to www.ipcrx.com/GR

IPC:

Your Source for Key Legislative News

IPC monitors key legislation and participates in direct lobbying efforts promoting the interests of community pharmacy. Visit the IPC Legislative Action Center at www.ipcrx.com for direct access to vital legislative news and to participate in important alerts impacting your business now. Let IPC be your source for:

- State Bills impacting your business
- National News
- Current Objectives & Legislative Recaps
- Contact Info & link to your legislators
- Active Legislative Action Alerts

Contact us at GovernmentRelations@ipcrx.com.

Follow us: facebook.com/ipcrx • twitter.com/ipcrx

