



# california **pharmacists** association

Dear Friend of Pharmacy Owners:

Consumer access to independent community pharmacies is at grave risk. Multiple factors by outside entities such as Medi-Cal program cuts and PBMs continue to erode the viability for independent pharmacies to survive.

## **PBMs**

Pharmacy Benefit Managers (PBMs) continue to negatively impact owner's viability as an independent community pharmacy. It seems as if each year they develop creative new ways to financially penalize taking care of your patients. Whether it is DIR fees, GER, or insultingly low professional service dispensing fees, there seems to be no end to what PBMs will do to threaten independent community pharmacy.

CPhA was proud to work with Assemblymember Wood on the signing of AB 315 last year. For the first time, PBMs are now regulated by the Department of Managed Health Care (DMHC) in California. The implementation of this legislation will take some time as the agency rolls out the rule-making process. But in the meantime, PBMs continue to extract millions of dollars from independent community pharmacies. AB 315 was a huge victory, but we know that more needs to be done.

## **Medi-Cal NADAC Clawback**

On May 29, 2019 a bureaucratic state decision made by former Governor Brown's Administration will take effect that will deny life-saving medications to Medi-Cal patients. If implemented, it will prevent community pharmacies from being able to provide vital medications for California's most vulnerable populations.

So how did we get here? In the summer of 2016, the federal Centers for Medicare and Medicaid Services adopted a rule to change how pharmacies are paid for dispensing prescription medication. CMS is requiring every state to adopt new rules to conform with the federal standard but did not say how states should do this.

The new methodology developed by the California Department of Health Care Services will result in denying life-saving medications for Medi-Cal patients. In fact, it has already started resulting in catastrophic reductions to Medi-Cal reimbursement rates for hundreds of locally-owned pharmacies that serve Medi-Cal patients.

And what's worse, is that it is not JUST forward-looking cuts. DHCS announced it is collecting **two years of retroactive payments** from community pharmacies that currently serve Medi-Cal patients, dating back to April 2017.

What does this mean? About 3 million medically fragile beneficiaries stand to lose access to their essential, life-saving medications. Particularly those patients with:

- HIV
- mental illness
- cancer
- and those who are in long-term care facilities.

The new state rules will bankrupt many community pharmacies, effectively eliminating this important health care safety net for California's most vulnerable populations.

California CAN and MUST do better.

### **Join the Fight**

Like you, the California Pharmacists Association (CPhA) is tired of policies that DHCS and PBMs create that harm a pharmacy owners' ability to provide healthcare to patients. Now is the time to stop the continued attack on community pharmacies and remind DHCS and PBMs that without community pharmacies, neighborhoods will lose access to the most accessible form of healthcare.

### **That is why CPhA is fighting back, but we need your help!**

Our first priority is to stop the Department of Health Services clawback that is set to begin May 31, 2019. Next stop is to challenge the flawed methodology that led DHCS to adopt the NADAC proposal for specialty medications in the first place. And finally, we will be mounting an aggressive legislative and regulatory affairs campaign to shine more light on PBM practices and eliminate harmful policies, such as DIR fees, from being implemented in California.

In order to successfully build out this aggressive plan, we need resources to fight back. We are asking pharmacy owners and friends of pharmacy to make a contribution to **Californians for Access to Life-Saving Medications**, a coalition of the CPhA Community Pharmacy Advocacy Group. These contributions are reserved for these independent owner issues only, and are necessary to hire the best and brightest attorneys and public relations firm.

This will be no small effort. These are complex issues that will be faced with formidable pushback from DHCS and the PBMs. But we know that independent community pharmacies are the face of neighborhood healthcare and we need to take a stand. To date, pharmacy owners have contributed over \$525,000 out of a goal of \$1.5 million in just 10 short days to show their commitment to the effort (as of 4/30). We now would ask for your help as well.

By donating to the fund, friends of pharmacy owners from across California will join forces with CPhA to engage an aggressive legal and public policy campaign to try and mitigate these actions.

DHCS and PBMs have a track record of attacking community pharmacies. Now is the time to let the courts and legislature put the brakes on those harmful actions and end discrimination against community pharmacies.

To donate, please go to <https://cpha.com/cpagfund/>. For questions, contact Jon Roth, at [jroth@cpha.com](mailto:jroth@cpha.com) or Michelle Rivas, at [mrivas@cpha.com](mailto:mrivas@cpha.com).