

The Honorable Aaron Michlewicz
Chairman of Ways and Means
Massachusetts House of Representatives
Rm 243
Massachusetts State House
Boston, Massachusetts

The Honorable Michael Rodrigues
Chairman of Ways and Means
Massachusetts Senate
Rm 212
Massachusetts State House
Boston, Massachusetts

Re: Governor Healey's proposed budget section 78

Dear Chairman Michlewicz and Chairman Rodrigues:

We are writing to alert you of the devastating consequences of section 78 in Governor Healey's proposed budget. Governor Healey is proposing an assessment of 6% (with a maximum of \$2) on every prescription filled in Massachusetts to close a budget gap in the MassHealth Program.

We know and appreciate your recent comments at the signing of the Pharmacy Benefit Manager reform legislation and know you understand that independent pharmacies cannot withstand this assessment. The situation with other pharmacies is similar. [In the US 1 in 3 pharmacies in the United states have closed since 2010. A map showing the number of pharmacies in each zip code](#) reveals that currently approximately one-third of the zip codes in Massachusetts do not have a community pharmacy.

Community Health Centers and hospital outpatient pharmacies, many of whom participate in the 340b drug pricing program, will also be subject to this assessment. These institutions are already experiencing reduced revenue due to the decrease in the number of medications that participate in this program and because MassHealth does not allow has limited the use these discounted medications for their patients. In addition, hospitals are already "assessed" to provide support for those that serve primarily low-income populations, and it is not fair that these institutions are assessed twice.

We have had communications with representatives of MassHealth and Administration and Finance about the financial impact of the assessment and they have informed us they intend to "make pharmacies whole" by adjusting the MassHealth dispensing fee. This will not work because pharmacies do not fill the same percentage of MassHealth prescriptions. Thus, some pharmacies will be overpaid (receive more in the increased dispensing fee than paid in the assessment) if they care for a higher-than-average proportion of MassHealth patients and others will be underpaid. When we asked them about this issue and how they plan to address it they had no response.

The pharmacies that will be underpaid have a lower percentage of MassHealth business and a higher percentage of Medicare Part D business. These pharmacies cannot afford the proposed assessment as they will be experiencing higher costs due to the provision that allows Medicare to negotiate prices with drug manufacturers. Under this program pharmacies will not be paid in full when the claim is processed. Instead, part of the payment will be disbursed sometime after the medication is dispensed. This will cause cash flow issues because pharmacies typically pay for these medications every week or every other week. A [recent report](#) concluded that this would cost the average pharmacy between \$40,279.04 to \$46,475.82 in 2026, when Medicare has negotiated the price of 10 medications. Going forward, Medicare is to negotiate 15 additional drugs for 2027, 15 additional drugs for 2028 and 20 additional drugs per year in 2029 and beyond, which creates a revenue gap that will grow exponentially larger every year for pharmacies with large percentages of Medicare patients. If these changes are combined with a new assessment on prescriptions, the results could be unsustainable for many Massachusetts pharmacies.

An assessment on prescriptions with or without a subsequent increase in the Medicaid dispensing fee is not currently occurring in any other state. The experience with assessments on prescriptions in other states is disturbing.

Maine is currently trying to implement something similar and has been met with fierce opposition from chain, independent and hospital pharmacists. Approximately four years ago, Oregon implemented a commercial activity tax. This tax resulted in the largest chain, Bi-Mart, leaving the state. This has severely hampered patient access with some patients in Oregon not receiving new prescriptions for up to 5 days.

Chairman Michlewicz and Rodrigues, we are asking you to eliminate the “prescription assessment” in your respective budgets. This is critical to ensure the citizens of the Commonwealth have access to prescription medications and vaccination services.

Sincerely,

Kyle Robb
Director of State Policy
American Society of Health System Pharmacists

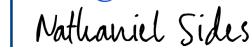
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