

National Center for Policy Analysis Urges Alabama to Reject Drugstore Lobby Proposals that Undermine Savings □ □

WASHINGTON, Sept. 13, 2013 /PRNewswire-USNewswire/ -- Alabama could save \$513 million by improving the state's Medicaid pharmacy program to encourage greater use of preferred pharmacies and other innovative pharmacy benefit management (PBM) tools, a [new analysis](#) by the National Center for Policy Analysis (NCPA) finds.

In June, Governor Robert Bentley created the Medicaid Pharmacy Study Commission to review ways to reduce wasteful spending in Medicaid. The Governor has requested the commission's report to be completed by December 1, 2013.

"Alabama can eliminate \$513 million in wasteful spending by operating Medicaid pharmacy more like Fortune 500 companies and Medicare," said **Pharmaceutical Care Management Association (PCMA) President and CEO Mark Merritt**. "This means better benefits for those in need and lower costs for taxpayers."

A recent [report](#) estimates that modernizing management of pharmacy benefits in Alabama's Medicaid program could save \$513 million without reducing access or benefits. The report shows that Alabama and other state Medicaid programs could make more use of the tools Medicare, unions, and employers rely on to curb wasteful pharmacy spending.

The new NCPA analysis shows that Alabama could also save money by:

PCMA: New Analysis Shows Alabama Can Reduce Medicaid Pharmacy Waste by \$513 Million

Written by Australian Business

- Reducing pharmacy dispensing fees: Alabama paid pharmacies \$10.64 to dispense a prescription in 2011, whereas the national average for private Medicare plans is one-fifth as much – about \$2.
- Increasing use of generic drugs: About three-fourths of drug prescriptions in Alabama's Medicaid program are filled with generics, whereas the national average for managed Medicaid drug benefits is slightly higher – about 80 percent.

The analysis notes policies that states should avoid, such as forcing plans to keep the most expensive drugstores in their networks. According to NCPA, so-called "Any Willing Pharmacy" laws reduce the bargaining power of health plans to negotiate lower prices and make it more difficult to detect drugstores suspected of fraud.

Policymakers should also avoid giving monopoly power to politically connected drugstores. According to NCPA, a recent legislative proposal in Alabama "would have restricted Alabama's Medicaid drug management to only one firm - a cooperative owned by member pharmacies. Placing control over Alabama's Medicaid drug program in the hands of the pharmacies that provide Medicaid enrollees' drugs would not save the state money."

PCMA represents the nation's pharmacy benefit managers (PBMs), which improve affordability and quality of care through the use of electronic prescribing (e-prescribing), generic alternatives, mail-service pharmacies, and other innovative tools for 216 million Americans.

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