



PA House of Representatives Session of 2017 - 2018 Regular Session

MEMORANDUM

Posted: March 26, 2018 04:17 PM

From: [Representative Doyle Heffley](#)

To: All House members

Subject: Unfair Pharmacy Reimbursement

In the near future, I will be introducing legislation addressing inadequate reimbursement rates for independent pharmacies.

Almost 90 percent of Pennsylvania Medicaid patients are served by managed-care companies that contract with the state. In turn, those companies contract with pharmacy benefit managers (PBMs) for their pharmacy programs to decide which drugs will be covered and how much to reimburse the pharmacies that fill the prescriptions.

Over the last few months, I continue to hear from my local pharmacies about severe cuts to pharmacy reimbursement rates by specific PBMs, especially Medicaid. For many medications, payments are well below cost, forcing pharmacies to operate in the red. These pharmacy reimbursement cuts make it extremely difficult for the 900 independent pharmacies in our Commonwealth to maintain inventory and serve our most vulnerable citizens.

I share the pharmacists' frustration regarding this issue. In fact, I even inquired about this recently at the Department of Human Services budget hearing and urged that there be transparency in contracts to ensure reimbursement rates are adequate. If reimbursement rates continue to diminish and pharmacies continue to operate substantially below cost, they will have to close their doors and patients will suffer. Therefore, I am planning to introduce legislation addressing this issue.

I hope you will join me in cosponsoring this important legislation.



PA House of Representatives Session of 2017 - 2018 Regular Session

MEMORANDUM

Posted: March 26, 2018 03:59 PM
From: [Representative Judy Ward](#)
To: All House members
Subject: Prohibition of "Gag Clauses" by PBMs

In the near future, I will be introducing legislation permitting pharmacists to disclose prescription drug information to a patient that would allow the patient to get the best price for medications.

When pharmacy benefit managers (PBMs) contract with pharmacies, the contracts may at times contain what is referred to as a "gag clause," which prohibits pharmacists from disclosing information to a customer that could reduce their out-of-pocket costs for medications. For instance, for many less expensive, generic medicines, co-pays can often be more expensive than if the patient simply pays out-of-pocket and bypasses insurance.

More and more recently, local pharmacies have expressed frustration about such provisions in their contracts with PBMs, and I too share the pharmacists' frustration regarding this issue.

According to the National Conference of State Legislatures, "gag clauses" have come to the attention of many state policymakers seeking to lower drug costs by requiring more extensive transparency at the retail pharmacy level. Between 2016 and March 2018, at least seven states enacted laws among at least 26 state legislatures that considered prohibiting "gag clauses" in contracts that restrict pharmacists. The most recent laws, signed in March 2018, are in Mississippi and Virginia.

My legislation will ensure pharmacists have the right to provide an insured customer information regarding the amount of the insured's cost share for a prescription drug. I believe patients should be allowed to receive information that will save them money, especially as prescription drug prices continue to rise.

I hope you will join me in cosponsoring this important legislation.