



June 23, 2008

The Honorable Harry Reid
Majority Leader
United States Senate

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Charles Grassley
Ranking Member, Committee on Finance
United States Senate

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives

The Honorable John Boehner
Minority Leader
U.S. House of Representatives

The Honorable John Dingell
Chairman
Energy and Commerce Committee
U.S. House of Representatives

The Honorable Joe Barton
Ranking Republican Member
Energy and Commerce Committee
U.S. House of Representatives

Dear Senators Reid, McConnell, Baucus and Grassley and Representatives Pelosi, Boehner, Dingell and Barton:

The undersigned organizations represent all segments of the healthcare supply chain in the U.S. We have written before to urge passage of the Fair Medicaid Drug Payment Act (S.1951, H.R.3700), legislation that will create a fair and rational reimbursement system for retail pharmacies participating in the Medicaid program. While we remain committed to that

bill, we are writing today to urge the Senate to pass legislation that will delay the “AMP cuts,” payment reductions that threaten to devastate retail pharmacies and their low income patients across the nation.

We support legislation to delay these cuts and postpone publication of AMP data through September 30, 2009, similar to Section 203 of S.3101, the bipartisan “Medicare Improvements for Patients and Providers Act of 2008.” While S.3101 did not receive enough votes to gain “cloture” in the Senate, it is imperative that the Congress approve legislation that will delay the Medicaid AMP cuts and postpone publication of AMP data well into next year. We urge Congress to include such a provision in any Medicare physician payment bill, or other legislative vehicle, that is approved this year.

A delay of the AMP cuts will prevent pharmacies from being forced to accept below cost payment when serving low income patients. A recent economic analysis found that if allowed to go forward, these cuts could result in the closure of up to 11,000 pharmacies, nearly 20% of all pharmacies nationwide. This would threaten patient access not only for Medicaid beneficiaries, but for all residents of low-income and rural communities that need the prescription drugs and health care services provided by pharmacists and pharmacies. These disastrous consequences can be avoided if Congress passes legislation to delay the cuts. Once enacted, Congress will then have time to consider how best to reform the Medicaid pharmacy payment system to ensure appropriate reimbursement that supports a level of care that low income Americans deserve.

As Congress moves forward to negotiate a Medicare bill that can achieve bipartisan agreement, we urge you to ensure that it also includes language to delay the Medicaid AMP cuts. If you have any questions, please do not hesitate to contact any of our groups.

Sincerely,

American Pharmacists Association
Food Marketing Institute
Generic Pharmaceutical Association
Healthcare Distribution Management Association
National Alliance of State Pharmacy Associations
National Association of Chain Drug Stores
Pharmaceutical Care Management Association