



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

August 27, 2024

Alan McClain
Arkansas Commissioner of Insurance
1 Commerce Way
Little Rock, AR 72202

Re: Emergency Rule 128, Pharmacy Benefits Manager Compensation Requirements for Network Adequacy, Fair and Reasonable Pharmacy Reimbursements

Dear Commissioner McClain,

On behalf of our members operating in Arkansas, the National Association of Chain Drug Stores (NACDS) is writing to provide our sincere thanks and overwhelming support for Emergency Rule 128, Pharmacy Benefits Manager Compensation Requirements for Network Adequacy, Fair and Reasonable Pharmacy Reimbursements.

Pharmacy reimbursement should be comprised of two parts: 1) the product cost; and 2) a professional dispensing fee across payer markets to help ensure reasonable reimbursement and sustainable pharmacy services for beneficiaries. The dispensing fee is typically calculated to incorporate the costs of a pharmacist's time reviewing the patient's medication history/coverage, filling the container, performing a drug utilization review, overhead expenses (rent, heat, etc.), labor expenses, patient counseling, and more to provide quality patient care.¹ In order to maintain availability and access to certain prescription drugs for Arkansans, it is imperative that these cost considerations include *both* the product costs of the drug and a professional dispensing fee, a core component of pharmacy reimbursement.

Emergency Rule 128 acknowledges the importance and value of adequate pharmacy dispensing reimbursement when it states that "... the current pharmacy reimbursement minimums under the [Arkansas Pharmacy Benefits Manager Licensure Act], or payments within a close range to minimums of National Average Drug Acquisition Cost, or minimum allowable cost, that do not also include a reasonable cost to dispense to pharmacies impairs the sustainability of network adequacy for pharmacy services for health benefit plans." Emergency Rule 128 further acknowledges the critical role pharmacy dispensing plays in the provision of quality patient care when it states that "A fair and reasonable cost to dispense shall be calculated commiserate with the time, labor, supplies, and other administrative costs associated with the dispensing of a drug by a pharmacy."

Without necessary guardrails to ensure reasonable and sufficient reimbursement for community pharmacies across Arkansas, inadequate or below-cost reimbursements could force pharmacies to either operate at a loss, be unable to stock certain medications, or worse, potentially close their doors permanently—negatively

¹CMS defines the professional dispensing fee at 42 CFR § 447.502 <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-447/subpart-I/section-447.502>

impacting Arkansans by ultimately worsening patient outcomes, reducing medication adherence, and increasing prescription abandonment and hospitalizations. Careful consideration of the impact on community pharmacies and the Arkansans they serve is both necessary and invaluable to help avoid preventable adverse downstream consequences on patient access to essential medications and overall health outcomes.

The requirements for fair and reasonable costs to dispense encompassed in Emergency Rule 128 are needed to protect pharmacy providers from the abusive PBM business practices that can jeopardize the future of pharmacy as well as the sustainability of providing pharmacy services and ultimately patient access to care. Arkansans rely on community pharmacies for important healthcare services like health screenings, disease management, vaccinations, testing services, patient counseling, essential medications, and more. Emergency Rule 128 rule will ultimately protect vital access to lifesaving prescription drugs and pharmacy services for Arkansans across the state.

For questions or further discussion, please contact NACDS at MStaples@nacds.org (Mary Staples, Director, State Government Affairs).

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer
National Association of Chain Drug Stores