



February 17, 2025

Representative Selina Bliss
Chair, House Health & Human Services Committee
Arizona State Capitol Complex
1700 W Washington Street
Phoenix, AZ 85007

Representative Ralph Heap
Vice Chair, House Health & Human Services Committee
Arizona State Capitol Complex
1700 W Washington Street
Phoenix, AZ 85007

Re: HB 2208, Pharmacists; Pharmacies; Reimbursement Costs; Appeals

Dear Chair Bliss and Vice Chair Heap,

On behalf of our members operating in Arizona, the National Association of Chain Drug Stores (NACDS) is writing to express our support for HB 2208, Pharmacists; Pharmacies; Reimbursement Costs; Appeals. States across the country, including Arizona, have recognized the acute need to enact Pharmacy Benefit Manager (PBM) reform and to press forward with implementation, enforcement, and oversight despite PBMs' efforts to oppose or roll back such reforms. While more than 155 new PBM reform laws were enacted nationwide from 2021 to 2024, additional reforms and enforcement of existing laws remain urgently needed.

As an industry, PBMs have been highly unregulated. As you know, PBMs claim to reduce prescription drug costs, but their business practices are key components of skyrocketing healthcare spending. PBM activities include unfair and opaque dealings with pharmacies with respect to reimbursement, network design, audit practices, constructing artificial barriers that limit patient choice and competition, self-referring patients to their own mail-order and/or retail operations, switching patients to more expensive medications to benefit the PBM, and questionable use and disclosure of sensitive patient information. PBMs claim that their ability to negotiate with drug manufacturers and pharmacies reduces overall prescription drug costs. However, despite their claims, overall prescription drug spending and patient out-of-pocket costs continue to steadily increase. Simply put, without meaningful PBM reform more dollars are flowing to PBMs instead of reducing Arizonans' prescription drug costs and safeguarding access to their trusted and convenient pharmacies.

Fair and adequate pharmacy reimbursement should always be comprised of two parts: 1) the ingredient cost for the prescription drug; and 2) a professional dispensing fee across payer markets to help ensure reasonable reimbursement and sustainable pharmacy service for Arizonans. There is a strong need to include well-established guardrails to help ensure reasonable and sufficient reimbursement for community pharmacies across Arizona. Without these necessary rate floors that ensure reasonable and sufficient reimbursement for community pharmacies, inadequate or below-cost reimbursement to pharmacies and pharmacists has already, and is likely to continue, to result. This outcome could force pharmacies to either operate at a loss, be unable to stock certain medications, or worse, potentially close

their doors permanently—negatively impacting Arizonans by ultimately worsening patient outcomes, reducing medication adherence, and increasing prescription abandonment and hospitalizations.

In fact, the detrimental impact of pharmacies and pharmacists being reimbursed at inadequate rates has been widely reported and has become, simply put, insurmountable for many pharmacies. Throughout Arizona, neighborhood pharmacies – retail chain pharmacies and independent pharmacies alike – are experiencing the economic hardship associated with shouldering the financial burden of continued unsustainable, below-cost reimbursement that threatens their long-term viability, and ultimately, patient access to lifesaving care. In establishing a cost-based reimbursement rate floor, HB 2208 will provide pharmacies and pharmacists with long-overdue reimbursement predictability related to the crucial health care services they provide to Arizonans.

For these reasons, NACDS supports HB 2208, Pharmacists; Pharmacies; Reimbursement Costs; Appeals. NACDS will continue to advocate to help ensure increased patient access and fair and adequate reimbursement for pharmacists, pharmacies of all sizes, and the patients they serve. For questions or further discussion, please contact NACDS at SGuckian@nacds.org (Sandra Guckian, Vice President, State Pharmacy and Advocacy).

Sincerely,

Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer

Cc: Arizona House Health & Human Services Committee Members