

# Protect Independent Pharmacies

The National Grocers Association (NGA) represents 21,000 independent community grocers and wholesalers across the United States. Independent community grocers account for 33 percent of all grocery sales, exceeding \$250 billion, and more than 1 million American jobs.

## What's going on?

Independent supermarkets operate over 3,000 pharmacies across the country. In many small towns and rural areas, the grocery store pharmacy is the only healthcare provider in the community. In recent years, too many of these independent and community pharmacies are closing due to a significant rise in predatory practices by pharmacy benefit managers (PBMs).

## What are PBMs doing to hurt independent pharmacies?

PBMs increase drug prices, charge pharmacies exorbitant fees, and block the ability for individuals to choose their pharmacy. Some fees have increased dramatically like direct and indirect remuneration (DIR) pharmacy fees which grew **107,400%** between 2010 and 2020. PBM practices are leading to the closure of independent pharmacies across the nation, decreasing healthcare access for families.

## What can Congress do?

In late 2024, the Congressional appropriations omnibus included all the necessary reforms needed to rectify this until Elon Musk decided to derail the legislation. Congress can and should pass the following bills as soon as possible to preserve access to care.

### Protecting Pharmacies in Medicaid Act (S.927)

- ◆ Bans spread pricing by requiring 100% pass-through to the pharmacy of the ingredient cost and of the professional dispensing fee, which could allow the federal government and states to save billions of dollars.
- ◆ Ensures fair and adequate Medicaid managed care pharmacy reimbursement from PBMs to cover the cost to acquire and dispense prescription drugs.
- ◆ Requires National Average Drug Acquisition Cost (NADAC) survey participation to help establish benchmarks for Medicaid reimbursement to pharmacies which can be used to ensure fair reimbursement to pharmacies in Medicaid managed care and in the commercial markets.

### Patients Before Middlemen (PBM) Act (S. 882)

- ◆ Ensures pharmacies are given fair and equitable treatment by requiring Medicare Part D plans to contract with any willing pharmacy and introduce the designation of essential retail pharmacies to provide better classification in rural and underserved areas.
- ◆ Enhances transparency and accountability, ensuring PBMs are not limited patient access to available pharmacy options under Medicare Part D.
- ◆ Prohibits PBM compensation based on the price of a drug as a condition of entering a contract with a Medicare Part D plan. Under this legislation, PBM service fees would not be connected to the price of a drug, discounts, rebates, or other fees.
- ◆ Creates an enforcement mechanism requiring PBMs to pay any amount in excess of the designated fees.

## Prescription Drug Transparency and Affordability Act (H.R. 2450)

- ◆ Creates reporting requirements, where PBMs must disclose financial transactions related to prescription drug pricing. Organizations that fail to report the required information or provide false information would face penalties of up to \$100,000 per violation.

## Lower Costs, More Transparency Act (118<sup>th</sup> Congress)

- ◆ Requires PBMs to semi-annually provide employer health plans with detailed data on prescription drug spending, including the acquisition cost of drugs, total out-of-pocket spending, formulary placement rationale, and aggregate rebate information.
- ◆ Requires the Government Accountability Office (GAO) to submit a report on the practices of pharmacy networks of group health plans, including networks that have pharmacies under common ownership with group health plans.

## Modernizing and Ensuring PBM Accountability (MEPA) Act (118<sup>th</sup> Congress)

- ◆ Establishes relevant, standardized, and transparent pharmacy quality measurements in Medicare Part D.
- ◆ Promotes transparency of insurer claims and reimbursement information to the pharmacy, including independent audits and enforcement measures in Medicare Part D.
- ◆ Prohibits PBM compensation in Medicare Part D from being tied to the manufacturer's list price of a drug.
- ◆ Bans spread pricing by requiring 100% pass-through to the pharmacy of the ingredient cost and of the professional dispensing fee, which could allow the federal government and states to save billions of dollars.
- ◆ Ensures fair and adequate Medicaid managed care pharmacy reimbursement from PBMs to cover the cost to acquire and dispense prescription drugs.

## Better Mental Health Care, Lower-Cost Drugs, and Extenders (BETTER) Act (118<sup>th</sup> Congress)

- ◆ Requires the Centers for Medicare and Medicaid Services (CMS) to define and enforce "reasonable and relevant" Medicare Part D contract terms, including information about reimbursement and dispensing fees, and establishing in Medicare Part D an approach by which "any willing pharmacy" can truly participate and serve patients.
- ◆ Requires NADAC survey participation to help establish benchmarks for Medicaid reimbursement to pharmacies which can be used to ensure fair reimbursement to pharmacies in Medicaid managed care and in the commercial markets.

**At the HEART of the community.**

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