VIA Hand

Mr. Thomas Scully
Center for Medicare and Medicaid Services
Department of Health and Human Services
Room 445-G, Hubert Humphrey Building
200 Independence Avenue, S,.W.
Washington, D.C. 20201

October 14, 2003

Re: Comments on Proposed Rule; Medicare Program—
Payment Reform for Part B Drugs
File Code CMS-1229-P

Dear Mr. Scully:

On behalf of the Long Term Care Pharmacy Alliance (LTCPA), representing the country's four largest long term care pharmacy companies, I am pleased to submit the attached comments upon the Center for Medicare and Medicaid Service's (CMS) Proposed Rule entitled Payment Reform for Part B Drugs. 68 Fed. Reg. 50428 (Aug. 20, 2003). LTCPA appreciates the opportunity to comment on the proposed rule, particularly with regard to the impacts that the proposed reforms may have on the provision of quality drug therapy to nursing home residents. Because long term care pharmacies dispense Part B drugs, they will be directly impacted by this rulemaking. We hope that the attached comments explore the impacts of each of issues in sufficient detail to allow CMS to adequately address the impact its reform proposals may have on the nation's oldest, sickest, and most frail population – nursing home residents.

LTCPA wishes to emphasize three points:

- CMS must account for the impact its rulemaking will have on the ability of pharmacies to dispense Part B drugs to nursing home residents. A recent study has demonstrated that it costs $11.32 to dispense drugs to nursing home residents. As it balances the redefinition of AWP against increases in practice cost reimbursement for oncologists, CMS must also include within its reimbursement structure a payment to long term care pharmacies for their medication management and delivery services;

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- CMS must account for the impact that the rulemaking will have on Medicaid reimbursement. Similar to Part B drugs, many state Medicaid programs reimburse for prescription drugs using an AWP benchmark. CMS must make clear in its rulemaking that states may not adopt any federal reinterpretation of AWP without a commensurate adjustment to state dispensing fees. CMS should also make clear that it will not approve any state plan that modifies its ingredient reimbursement formula without adjusting, to reflect actual market costs, the dispensing fee for Medicaid drugs; and
- CMS must evaluate the effect and impact of each of its four proposed AWP redefinitions against its obligations under current law, its own policies, and against a set of six criteria identified in the attached comments. We urge CMS to carefully consider these criteria, and some of the other methodological flaws in its four proposals, in determining whether to proceed to a final rule.

We appreciate the opportunity to share our thoughts with you on this issue of great importance to the entire health care community. Please do not hesitate to contact the undersigned with any questions or comments you have, or if we can provide any further information to you on this issue.

Sincerely,

Paul Baldwin