



LTCPA

Long Term Care
Pharmacy Alliance

CONTACT:
Paul Baldwin
(202) 386-7559

Long Term Care Pharmacy Industry to Discuss Rebate Disclosure

WASHINGTON, D.C., December 5, 2005 – On November 28, 2005 the Centers for Medicare and Medicaid Services (“CMS”) posted to the “Questions & Answers” portion of its web site a statement to the effect that it has concerns about the continued payment of certain rebates by pharmaceutical manufacturers to long-term care pharmacies with respect to prescriptions dispensed under the Medicare Part D prescription drug benefit, and that it is examining the issue closely. In response to this statement, the Long Term Care Pharmacy Alliance (“LTCPA”) issued the following statement:

“LTCPA and its members, along with Managed Health Care Associates, a leading long term care pharmacy group purchasing organization, and the American Society of Consultant Pharmacists, recognize the concerns of CMS and its intent that the Medicare Drug Benefit be a cost-effective program that provides an appropriate drug benefit for seniors. We share that goal and believe that long-term care pharmacies are contributing to the achievement of this goal for the residents of skilled nursing and other long-term care facilities we serve. Further, all members of LTCPA have contracted widely with Prescription Drug Plans across the United States in order to ensure that the new drug benefit is available to the long term care population

“The members of LTCPA believe that their contracts with pharmaceutical manufacturers bring value to Medicare beneficiaries under the Part D benefit. Moreover, the members of LTCPA believe that such contracts are legally valid and in compliance with all laws and regulations, including those related to fraud and abuse.

“Nonetheless, the members of LTCPA are willing to engage in discussions directly with CMS to address their concerns, including an appropriate mechanism for disclosure of rebates. We believe such discussions can be constructive toward demonstrating that the services, prices and cost structure of long-term care pharmacies are in alignment with the goals of the Medicare Part D program.

“Residents of long-term care facilities require specialized services to meet their unique needs. Such services include specialized packaging, delivery, 24/7 availability and the monitoring of appropriate pharmaceutical care. Through clinical programs, based on best medical practice, long-term care pharmacies work with physicians to recommend the most appropriate pharmaceutical care for each resident. Such services carry costs well above those of the filling of prescriptions in the retail environment.

“In order to recover a portion of these costs, long-term care pharmacies seek to obtain rebates or other price concessions as part of their contracts with pharmaceutical manufacturers for the drugs they purchase. These price concessions are taken into consideration when negotiating competitive rates with Medicare Part D Plans for the drugs dispensed to Part D beneficiaries. Were these price concessions from manufacturers not provided, the rates being charged for drugs dispensed and the related services provided by long-term care pharmacies would be required to be substantially higher.”

The Long Term Care Pharmacy Alliance represents the leading providers of comprehensive pharmacy services to residents of long term care facilities in the United States.

###