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CPhA Secures \$142 Million In State Budget

Sacramento - After more than three years of advocating for independent pharmacy against the state's desire to clawback millions of dollars in Medi-Cal payments, the California Pharmacists Association (CPhA) has been victorious in saving independent pharmacy! The tireless work of CPhA staff and members of the Californians for Access to Life-Saving Medicine --a coalition of the Community Pharmacy Advocacy Group (CPAG) - have resulted in securing \$142 million in the State Budget to give independent pharmacies total forgiveness and relief from these unfair retroactive recoupments. This action was in addition to the successful legal injunction that suspended recoupments over the last three years.

"This is an incredible win for the pharmacy profession. Through this 3-year battle, we've demonstrated pharmacy's commitment to patient care, and our united voices have helped legislators and regulators see the value of our work. Our profession is at a pivotal point, and the future is up to us! As we make these next steps, I hope to see our colleagues working together in association toward a brighter future!" Dr. Kevin Komoto, Chair, CPAG

The Legislature understands that in many underserved communities, California's independent pharmacies provide a critical link between patients and life-saving medications. Independent pharmacies are often the most critical access points to healthcare especially in rural, underserved, and socially vulnerable communities. That link and access was in danger of being broken. The retroactive clawbacks would have forced many small business, independent pharmacies to shut down.

That risk was especially profound for the most vulnerable among us, such as our family members, neighbors and friends who are dealing with cancer, mental illness, and HIV/AIDS, and those who live in long-term care facilities. It is very likely they would have found themselves without a place to go to receive their specialty, life-saving medications. We are grateful to the Legislature for prioritizing this issue.

"CPhA's advocacy prevented a disaster. By successfully addressing this issue, independent pharmacies will be able to continue providing a service that is vital to California's safety net and its long-term health. We extend our deepest appreciation to the State Legislature and Governor Newsom for approving our request to grant independent pharmacies full forgiveness from the clawback." Dr. Richard Dang, President, CPhA.

In 2017, California adopted a new reimbursement methodology for the dispensing of prescription drugs by pharmacies participating in the Medi-Cal program. This was done pursuant to federal requirements designed to align reimbursement more closely with pharmacies' actual acquisition costs and necessitated adjustments in each state Medicaid program. The National Average Drug Acquisition Cost (NADAC) formula essentially treats the same for reimbursement purposes all prescription medication, based on a compendium that uses the average drug costs for the western region and not the CA specific cost. NADAC does not take into account special circumstances such as California specific acquisition issues, complexities in dispensing, and other patient specific needs.

The Department of Health Care Services (DHCS) acknowledged the inadequacy of reimbursement for several medications by sponsoring budget language in 2021, to create a medication therapy management fee (MTM) for medications reimbursed below the cost of acquisition. We appreciate the DHCS doing what they can to save this crucial access point for care; however, they are limited in their ability to address the retroactive aspect and its disastrous effects.

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About CPhA

The California Pharmacists Association (CPhA) is the largest statewide professional association for pharmacists, student pharmacists and pharmacy technicians in the country. CPhA represents the pharmacy profession in all practice settings and promotes the health of the public through the practice of pharmacy.