

March 5, 2025

The Honorable Susan R. Donovan  
Chair, House Committee on Health and Human Services  
2 Rego Avenue  
Bristol, Rhode Island 02809

Re: HB 5254 – NCPA supports

Via email: [HouseHealthandHumanServices@rilegislature.gov](mailto:HouseHealthandHumanServices@rilegislature.gov)

Dear Chair Donovan and Members of the Committee:

The National Community Pharmacists Association is writing to express its strong support for HB 5254, which would help control drug costs in Rhode Island, provide transparency for patients, employers, and the State regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

NCPA represents the interest of America's community pharmacists, including the owners of nearly 19,000 independent community pharmacies across the United States and about 18 independent community pharmacies in Rhode Island. These pharmacies employed approximately 194 individuals and they filled nearly 1.1 million prescriptions in 2023.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market<sup>1</sup>, the three largest PBM's control 80% of the prescription drug market<sup>2</sup> giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA strongly supports the bill's use of a transparent cost-based reimbursement floor. We support the use the National Drug Average Acquisition Cost benchmark (NADAC), an objective, evidence-based drug pricing benchmark updated on a monthly basis. By tying the drug ingredient costs to NADAC, the bill ensures plan sponsors and payers have more information about how their money is being used by their PBMs, avoiding spread pricing. NCPA also supports the use of the state's Medicaid fee-for-service professional dispensing fee. We encourage regular cost of dispensing surveys to ensure this figure remains reflective of a pharmacy's cost to dispense. Rhode Island would follow West Virginia, Tennessee, and Kentucky in having a transparent, cost-based reimbursement model in the commercial market.

<sup>1</sup> <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

<sup>2</sup> [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8500000/)

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NCPA also strongly supports the bill's enforcement provisions. We support the Office of the Insurance Commissioner as the primary oversight authority and respectfully recommend amending the word "may" to "shall" on line 7 of page 2 to ensure the bill actualizes its intent to address bad behavior by PBMs. We also appreciate the inclusion of the Attorney General in this section, recognizing the roles both the Attorney General and Insurance Commissioner can play in the enforcement of PBM regulation.

We urge you to advance HB 5254. We thank the bill sponsors for recognizing the importance and value of transparent cost-based pharmacy reimbursement. Thank you for receiving our perspective. If you have any questions, please do not hesitate to contact me at [joel.kurzman@ncpa.org](mailto:joel.kurzman@ncpa.org) or (703) 600-1186.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel Kurzman".

Joel Kurzman  
Director, State Government Affairs

CC: Honorable Members of the House and Human Services Committee