August 17, 2026

Re: Comments in Response to the Senate Finance Committee Request for Information, "Commonsense Policy Options to Lower Drug Prices for Patients"

Dear Ranking Member Wyden and Democratic Members of the Committee,

The Senior Care Pharmacy Coalition (SCPC) appreciates the opportunity to provide comments on the Senate Finance Committee Minority Staff's Request for Information (RFI) on "Commonsense Policy Options to Lower Drug Prices for Patients." SCPC is the national trade association for independent long-term care (LTC) pharmacies that provide comprehensive medication services to individuals residing in LTC facilities, assisted living communities, and other LTC settings across the country.

The vast majority of LTC pharmacy reimbursement is provided through the Medicare Part D program, reflecting the advanced age, high medical complexity, and extensive medication needs of the populations LTC pharmacies serve. As a result, both the LTC pharmacy service model and its reimbursement structure differ significantly from those of traditional community retail pharmacy. SCPC supports the Committee's focus on reducing prescription drug costs while preserving beneficiary access and ensuring pharmacies are appropriately supported in delivering high-quality medication management and care to some of Medicare's most medically complex beneficiaries. Policies that preserve access to LTC pharmacy services are consistent with these goals because LTC pharmacies help improve medication management, reduce medication waste, and support appropriate medication use for Medicare's highest-risk beneficiaries.

The RFI appropriately recognizes the need to address PBM incentives, improve pharmacy reimbursement, examine reasonable dispensing fees, and increase accountability across the drug supply chain. However, the RFI largely evaluates pharmacy policy through the lens of community retail pharmacy and does not adequately recognize the distinct clinical, operational, regulatory, and reimbursement model under which LTC pharmacies operate. As Congress considers future legislative proposals, it should ensure policies explicitly distinguish LTC pharmacy from community retail pharmacy to protect access for the highly vulnerable beneficiary population LTC pharmacies serve. SCPC therefore offers the following comments,

organized to correspond to the subheadings under Section II of the RFI, "Addressing Perverse Dynamics in the Supply Chain." SCPC does not offer comments on Section I (Lowering Drug Prices) or Section III (Bolstering Biopharmaceutical Innovation in the United States) at this time, but would welcome the opportunity to provide input on the RFI's remaining sections as legislative drafting proceeds.

Cross-Cutting Comment: LTC Pharmacy Should Be Recognized as a Distinct Category

Before addressing the specific policy options in the RFI, SCPC urges the Committee to adopt a cross-cutting principle that applies to every question below: future legislation should recognize LTC pharmacies as a distinct pharmacy category with a distinct reimbursement methodology, rather than as a subset of community retail pharmacy.

PBM Challenges and LTC Pharmacy

While there are several areas of overlap between retail and LTC pharmacies in their treatment by PBMs and we adamantly support efforts to support the retail pharmacy sector, vertical integration creates challenges that are unique to the LTC setting. One tactic SCPC members see in the LTC pharmacy space is a **vertically integrated insurer** contacting a skilled nursing beneficiary to notify the beneficiary that they will lose pharmacy coverage. This often occurs while **the PBM** is negotiating with the LTC pharmacy or the Pharmacy Services Administrative Organization (PSAO) representing smaller LTC pharmacies that cannot alone negotiate with a PBM. SCPC believes the PBM use this approach and similar tactics as a pressure point to compel pharmacies to sign a contract. Beneficiaries are told that their medications will no longer be covered and that the LTC pharmacy serving them will be out of network, when in fact a contractual process is underway. Because plans do not inform beneficiaries of that process, some LTC pharmacies now send letters to beneficiaries on an annual basis to explain that contracting has begun and that coverage should continue throughout the process. Congress should examine and prohibit this PBM practice.

Additional unique challenges for LTC pharmacy include the urgency needed to resolve denied claims, unnecessary prior authorization and the challenge it presents to the requirement to provide medications timely under multiple setting standards.

Increasing PBM Accountability for Rising Drug Costs

PBM reforms should prohibit below-cost reimbursement, retroactive fees, and payment practices that fail to compensate required LTC services. Equally important, PBM reforms should explicitly address LTC pharmacy even when the intent is to address pharmacy more broadly. PBMs often rely on statutory and regulatory language to justify less favorable outcomes for LTC pharmacies. For example, when reforms do not specifically reference LTC pharmacies, PBMs may exclude them from the policy; and when a policy is designed around the community retail pharmacy model, PBMs may use it to justify lower reimbursement for LTC pharmacies. Even when

Congress or CMS does not intend this result, SCPC has consistently seen PBMs rely on these interpretations to justify lower reimbursement for LTC pharmacies.

Pharmacy Dispensing Fees in Part D

The Committee requests feedback on reasonable Medicare Part D dispensing fees, including for LTC pharmacies.

- SCPC would suggest using language such as the following to distinguish LTC pharmacy dispensing fees:

Any pharmacy benefit manager or other entity acting on behalf of a health benefits plan must provide reimbursement to a long-term care pharmacy sufficient to cover the reasonable costs associated with furnishing all pharmacy services required under this title, regulations promulgated under this title, and guidance issued by the Centers for Medicare and Medicaid Services or Office of Personnel Management applicable to long-term care pharmacies serving beneficiaries. Such reimbursement must include payment for services required under 42 C.F.R. § 483.45.

The term 'long-term care pharmacy' means a pharmacy with a national provider identifier associated with taxonomy code 3336L0003X (or a successor code), as maintained by the National Uniform Claim Committee.

This approach recognizes that LTC pharmacy reimbursement must reflect the full cost of furnishing federally required pharmacy services.[1]

- **Federally required LTC pharmacy services.** A reasonable dispensing fee standard should account for the federally required services LTC pharmacies furnish, including 24/7 emergency access, consultant pharmacist support, unit-dose packaging, short-cycle dispensing, medication regimen support, delivery logistics, and regulatory compliance. These services should be included for all facets of long-term care pharmacy including assisted living and other settings where long term pharmacy services are being provided for beneficiaries needing an institutional level of care.
- **NADAC is not an appropriate benchmark for LTC pharmacy.** The RFI explores cost-plus and NADAC-based reimbursement concepts. As noted in the legislative language above, NADAC is a retail-focused survey and does not account for the unique costs of providing LTC pharmacy services. NADAC or ingredient-cost reimbursement alone cannot sustain the

[1] Recent long-term care pharmacy cost to dispense studies review the full cost to dispense. In 2024, it was found that the average cost to dispense long-term care pharmacy was $17.65. See *Long-Term Care Pharmacy Cost Analysis https://seniorcarepharmacies.org/wp-content/uploads/CLA_Long-Term_Care_Pharmacy_Cost_Analysis.pdf, 2024.*

LTC pharmacy model, because the majority of LTC pharmacy costs are service-related rather than acquisition-cost related.

- **Reimbursement should apply regardless of care setting.** PBMs often restrict higher payment for LTC pharmacy to skilled nursing facilities or intermediate care facilities, even though CMS recognizes that LTC pharmacy services are furnished across a broader continuum of care, including assisted living communities and beneficiaries' homes.

Addressing Price Linked Compensation

SCPC supports the principle that pharmacies should not rely solely on drug margin for compensation and urges the Committee to account for how that principle operates in the LTC setting. Unlike community retail pharmacies, LTC pharmacies have no front-end retail business and rely almost entirely on prescription reimbursement to sustain operations. As a result, changes to drug margin have a disproportionate impact on the sector. This challenge is compounded by the unique payer mix of LTC pharmacies and by PBM contracting practices. While LTC pharmacies generally dispense 90% generic medications, they typically make little or no margin, and often incur losses, on those prescriptions. The remaining margin on brand-name drugs has historically helped offset those losses and support the federally required clinical and operational services LTC pharmacies provide. Any reform that delinks compensation from drug price should therefore be paired with a dispensing fee structure sufficient to sustain LTC pharmacy operations.

Inappropriate Pharmacy Rejections

Penalties and rejections incurred by LTC pharmacies, such as "refill too soon" penalties or rejections, should be addressed. These occur when a beneficiary transitions between care settings and the need to fill a medication and the beneficiary's insurance coverage do not keep pace with one another. The result is a claim rejection driven by the beneficiary's change in setting rather than by any clinical or utilization concern.

Summary of Recommendations

SCPC respectfully offers the following recommendations for the Committee's consideration:

- **Recognize LTC pharmacy as a distinct pharmacy category with a distinct reimbursement methodology.** Future legislation should not treat LTC pharmacy as a subset of community retail pharmacy.

- **Adopt a clear statutory definition of "long-term care pharmacy."** For several sessions, Congress pondered the LTC Pharmacy Definition Act and SCPC would urge Congress to revisit the need to create a statutory definition for long-term care pharmacies. In the interim, SCPC recommends that Congress reference national provider identifier

taxonomy code 3336L0003X (or a successor code) so that LTC-specific protections are applied consistently and cannot be narrowed through PBM interpretation.

- **Do not rely on NADAC or ingredient-cost-only benchmarks for LTC pharmacy reimbursement.** NADAC is a retail-focused survey and does not capture the service-related costs that make up the majority of LTC pharmacy costs.
- **Prohibit PBM and vertically integrated insurer beneficiary-notification tactics used as contract leverage.** Plans should be barred from notifying LTC residents that they will lose pharmacy coverage or that their pharmacy will be out of network while a contracting process is underway. Furthermore, SCPC strongly opposes predatory fees. For instance, PBMs will charge transaction fees for electronic claim submission when electronic billing is the only method accepted. Pharmacies should not be required to pay a fee to submit a claim through the mandated channel. Other issues like PBM early refill edits and penalties for early fills during settings of care transitions should be examined.
- **Prohibit below-cost reimbursement and retroactive fees.** PBM reforms should bar below-cost reimbursement, retroactive fees, and payment practices that fail to compensate for the federally required LTC pharmacy services.
- **Reference LTC pharmacy explicitly in all PBM reform language.** Where reforms are silent on LTC pharmacy or are designed around the retail model, PBMs have relied on that language to exclude LTC pharmacies or justify lower reimbursement, even where Congress and CMS did not intend that result.
- **Require reimbursement sufficiently to cover the reasonable cost of federally required services.** Part D reimbursement of LTC pharmacies should account for the full cost of furnishing services required under Federal law, regulation, and CMS guidance, including those required under 42 C.F.R. § 483.45.
- **Set LTC dispensing fees based on the cost of furnishing LTC services.** Any reasonable dispensing fee standard should reflect 24/7 emergency access, consultant pharmacist support, unit-dose packaging, short-cycle dispensing, medication regimen support, delivery logistics, and regulatory compliance.
- **Do not rely on NADAC or ingredient-cost-only benchmarks for LTC pharmacy reimbursement.** NADAC is a retail-focused survey and does not capture the service-related costs that make up the majority of LTC pharmacy costs.
- **Ensure LTC pharmacy reimbursement applies regardless of care setting.** Prohibit PBMs from limiting LTC reimbursement to skilled nursing or intermediate care facilities, consistent with CMS recognition that LTC pharmacy services are furnished across a

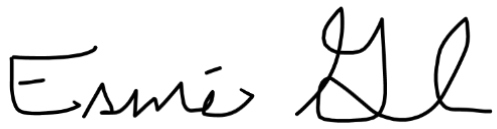
broader continuum of care, including assisted living communities and beneficiaries' homes.

- **Pair any delinking of PBM or pharmacy compensation from drug price with an adequate LTC dispensing fee.** LTC pharmacies have no front-end retail revenue and earn little or no margin on the generic prescriptions that make up roughly 90% of their volume.
- **Address inappropriate pharmacy rejections affecting LTC beneficiaries.** This includes "refill too soon" penalties and rejections that arise when beneficiaries transition between care settings and coverage does not keep pace with medication needs.

Conclusion

SCPC looks forward to working with the Committee to ensure future drug pricing reforms lower costs while preserving access to high-quality services for complex Medicare beneficiaries requiring LTC pharmacy services. Please contact Shara Selonick at sselonick@seniorcarepharmacies.org or myself if we can provide further information.

Sincerely,



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