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## United States Senate

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September 20, 2006

The Honorable Chuck Grassley  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Max Baucus  
Ranking Member  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Baucus:

Because of your commitment to ensuring that the Medicare prescription drug benefit operates in a manner fair to independently-owned community pharmacists and rural residents, I write to urge the Senate Finance Committee to make every effort to pass legislation before we adjourn later this month requiring prescription drug plans (PDPs) to pay pharmacies electronically on a 14-day basis. I also urge the Finance Committee to launch an investigation into the adequacy of prescription drug reimbursements by Medicare sponsored plans.

Since the implementation of the prescription drug benefit, many small, independently-owned pharmacies in rural towns and communities in Colorado have contacted my office for help in getting PDPs to promptly and adequately reimburse them for prescription drugs provided to Medicare beneficiaries. At a recent town hall meeting in my hometown of Alamosa, Colorado, a local pharmacist and his patient shared a heartbreaking situation with me. The patient, who enrolled in a Medicare drug plan, takes many expensive medications to treat and control cancer. Unfortunately, most of his medications are either not on his Medicare plan's formulary and/or are too expensive for him to afford on a regular basis. The local pharmacist, who has been in the business caring for community residents for decades, provides the medications to his patient, accepting whatever payment he can afford. Unfortunately, the pharmacist is in danger of going out of business, not because of his generosity, but rather because the PDPs pay him on a thirty-day basis and reimburse him at a rate below the actual cost of the medications. Without legislation requiring PDPs to pay pharmacists on a 14-day basis, the local pharmacy who has for decades served residents of Alamosa, will likely close its doors. Two pharmacies in Colorado have already closed reportedly due to untimely and inadequate Medicare payments.

My office has heard variations of stories like this from numerous independently-owned pharmacies across Colorado. These pharmacies are not just small businesses that

employ rural residents, pay taxes and give generously to their communities. They are also the cornerstone of the fragile health care delivery system in rural towns and communities in Colorado and across our nation. If they go out of business, the economy and the health of thousands of aging residents in rural towns will suffer.

While I understand that the issue of the adequacy of the reimbursements to pharmacies will require careful study before a legislative solution is fashioned, I urge you to launch an investigation now and work diligently to determine an adequate solution to pharmacy reimbursements. Please do not hesitate to contact me if I can assist in this inquiry.

I also urge you to consider and report out legislation requiring PDPs to pay pharmacies on a 14-day basis. I am aware of three bills that if enacted would require 14-day reimbursements. The Pharmacy Access Improvement Act of 2006 (S. 2664), which Senator Baucus authored, the Pharmacists Medicare Relief Act (S. 2723), and the Pharmacist Access and Recognition in Medicare Act (S. 2563) would provide relief to pharmacies by requiring more prompt payment by PDPs. Because these bills have bipartisan support, I urge that the Finance Committee consider these measures and work with Senate leadership to enact legislation now that will prevent our independently-owned pharmacies in rural communities from closing their doors.

Thank you for your attention to this urgent matter and your commitment to ensuring that the Medicare prescription drug benefit operates equitably for independently-owned pharmacies and rural residents.

Sincerely,



Ken Salazar