

**Congress of the United States**  
**Washington, DC 20515**

November 9, 2007

Mr. Kerry N. Weems  
Administrator, Centers for Medicare and Medicaid Services  
Room 314G  
Hubert H. Humphrey Building  
200 Independence Ave SW  
Washington, D.C. 20201

**Subject: Texas State Plan Amendment Submission on Medicaid Pharmacy Dispensing Fees**

Dear Administrator Weems:

We are writing to urge the Centers for Medicare and Medicaid Services (CMS) to approve a Texas Medicaid state plan amendment (SPA) submitted by the Texas Medicaid Vendor Drug Program in August 2007. This SPA would increase the Medicaid pharmacy dispensing fee in Texas to \$7.50 per prescription. Approval of the SPA would ensure that the dispensing costs of Medicaid-participating pharmacies are adequately covered and that beneficiary access to crucial pharmacy services can be maintained.

Increasing the pharmacy dispensing fees is important given that new Federal Upper Limits (FULs) for generic drugs are expected to go into effect in January 2008. This dispensing fee increase is needed to help ensure that pharmacies are paid appropriately to dispense Medicaid prescriptions.

Increasing dispensing fees is also consistent with congressional Medicaid pharmacy reform efforts. It is only fair that initiatives to pay pharmacies more accurately for the drug products they dispense be accompanied by assurances that the dispensing fees also cover their costs of dispensing. Further, CMS has expressed a similar expectation that pharmacy dispensing fees would be increased. In the preamble to the final average manufacturer price (AMP) regulations which were published in July 2007, CMS encouraged states to review dispensing fees.

In our view, the state has submitted adequate documentation to CMS to justify an increase in these dispensing fees. Therefore, we ask that you approve this dispensing fee increase, which will help ensure that all retail pharmacies are adequately reimbursed in the Texas Medicaid program, which is so vital to the health and well-being of our most vulnerable citizens.

Thank you for your attention to this very important matter.

Gene Green	Joe Barton	Al Green	Ron Paul
Mike Conaway	Charlie Gonzalez	Henry Cuellar	Lloyd Doggett
Mike McCaul	Ted Poe	Pete Sessions	Solomon Ortiz
Ruben Hinojosa	Silvestre Reyes	Sheila Jackson Lee	Louie Gohmert
Kevin Brady	Ciro Rodriguez	Ralph Hall	Chet Edwards