

January 15, 2018

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-4182-P
P.O. Box 8013
Baltimore, MD 21244-8013

To the Centers for Medicare & Medicaid Services:

I am writing to express my serious concern with proposals suggested by the agency in a request for information (RFI) accompanying the proposed Medicare rule: "Medicare Program; Contract Year 2019 Policy and Technical Changes to the Medicare Advantage, Medicare Cost Plan, Medicare Fee-for-Service, the Medicare Prescription Drug Benefit Programs, and the PACE Program," as well as parts of the proposed rule itself.

I am a pharmacist employed by Prime Therapeutics, Prime Therapeutics LLC (Prime), a pharmacy benefit manager (PBM) serving more than 20 million members nationally, including 1.5 million Medicare members. Prime manages pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Prime is collectively owned by 18 Blue Cross and Blue Shield Plans, subsidiaries or affiliates of those plans.

I am concerned that proposed policies would seriously undermine patient care. Specifically, in the RFI CMS proposes that some or all negotiated drug rebates and all pharmacy direct and indirect remuneration (DIR) to be passed through to consumers at the point of sale (POS). In addition, the proposed expanded interpretation of any willing pharmacy (AWP) will effectively end competition among pharmacies.

Problems with POS Rebates

Implementing rebates at POS would increase costs for enrollees and the government and provide a windfall to drug manufacturers. According to the agency's own estimates cited in the RFI itself, requiring 100% of rebates to be passed through at POS would, over the next 10 years increase government costs up to \$82.1 billion, increase beneficiary premiums up to \$28.3 billion, and provide a benefit to drug manufacturers of up to \$29.4 billion.

Currently, the manufacturer rebates are fully passed on to the Plan Sponsor, who then uses them to reduce Plan Premiums. Requiring part or all of these rebates to be passed at POS would mean they can no longer be applied to premium reduction and thus increase premiums for all Medicare beneficiaries while reducing costs for only a few.

Problems with Pharmacy Contracting Proposals

The RFI also would require pharmacy DIR payments to be made at POS. However, doing so would greatly curtail a plan's ability to offer lower cost-sharing or coinsurance in preferred pharmacy networks. Taken together with additional proposals requiring uniform and unwaivable contract terms across all pharmacies in Part D networks, the mandatory POS rebate approach would render popular preferred pharmacy networks—an option 99 percent of Part D plans will offer in 2018—difficult or impossible to maintain. These proposals come despite the fact that Part D's preferred cost-sharing pharmacy networks have proven very popular with beneficiaries and provided billions in savings.

Further, AWP proposals would limit the ability of plans to distinguish typical retail pharmacies from specialty pharmacies in their networks. Retail pharmacies are not generally equipped to deliver the highly specialized clinical management and other services that specialty drug products require. If plans cannot select the most qualified, accredited specialty pharmacies, patient care may be put at significant risk.

The Medicare program is moving from paying providers based on volume to paying based on quality and value of care. In pharmacy, as with physicians and hospitals, that means directing more care to high-quality, efficient providers. Any proposal hindering the formation of safe and efficient pharmacy networks in Part D would turn back the clock and stand in the way of such efforts to transform the Medicare program.

Conclusion

In short, pharmacy network changes suggested in the proposed rule and POS rebate concepts discussed in the RFI would jeopardize patient care, increase costs for all Part D enrollees and the Medicare program, and provide a multibillion dollar windfall for the pharmaceutical industry. I therefore urge CMS to withdraw and rethink these proposed policies.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shannon Kampa', with a long horizontal flourish extending to the right.

Shannon Kampa, PharmD, MBA, RPh
Senior Director, Clinical Programs - Medicare
Prime Therapeutics