

Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attention: CMS-2017-0156-0046
P.O. Box 8013
Baltimore, MD 21244-8013

Re: CMS-2017-0156-0046 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

To Whom It May Concern:

This proposed Part D rule covers many issues, some of which may require subsequent comment. However, we would like to take the opportunity to voice support for CMS' inclusion of a suggestion to require all pharmacy price concessions, commonly referred to as direct and indirect remuneration (DIR), to be reflected in the negotiated price that is made available at the time a medication is dispensed. This approach would provide greater transparency, enhance the program integrity of Medicare Part D, and, as CMS concluded, lead to significant beneficiary savings.

CMS stated in the proposed rule that it was "considering requiring all, and not only a share of, pharmacy price concessions be included in the negotiated price in order to maximize the level of price transparency and consistency in the determination of negotiated prices and bids and meaningfully reduce the shifting of costs from sponsors to beneficiaries and taxpayers." Currently there is no standard for reporting DIR to CMS. Some PDPs may include certain pharmacy price concessions in negotiated price, while others continue to report them as DIR. This makes it difficult for patients to accurately compare plans as to the true costs of their particular medications. Requiring all fees to be accounted for in negotiated price, as CMS is suggesting, would enhance the quality of information available to beneficiaries and provide them with a better understanding of how they will progress through the Medicare program based on their current medications.

Moreover, CMS data indicates that, even when considering the potential for slight increases in monthly premiums, beneficiaries would realize net savings of \$10.4 billion if DIR were accounted for in negotiated price. This would lower costs at point of sale for beneficiaries in plans that use percentage based coinsurances, rather than dollar amount copays and would also slow beneficiary progression through the phases of the Part D program. These conclusions align with CMS' previous findings that DIR affects beneficiary cost-sharing and CMS payments to plans while also pushing patients into, and through, the coverage gap sooner.

As CMS alluded to in the proposed rule such patient savings can potentially improve their adherence to their medication by making their prescriptions more affordable. Medication non-adherence costs the health care system \$290 billion a year, so increasing the affordability and accessibility of medications can reduce those costs as well.

Additionally, the CMS proposal surrounding DIR does not interfere with the ability of PDPs to create quality-based incentives that reward pharmacies for achieving contractual, performance-based metrics. Any quality-based payments made to pharmacies can be accounted for and reported to CMS as a negative DIR.

We believe, overall, Medicare Part D has been successful in enhancing access to prescriptions for seniors. However, improvements can always be made. We believe accounting for all pharmacy fees in negotiated price is one such improvement that would strengthen the Part D program. We urge CMS to move swiftly to adopt such requirements.

Sincerely,

Alliance for Retired Americans

American Federation of State, County and Municipal Employees (AFSCME)

Coalition of State Rheumatology Organizations (CSRO)

GIST Cancer Awareness

HealthHIV

National Multiple Sclerosis Society

National Organization for Rare Disorders (NORD)

Patients for Affordable Drugs

The AIDS Institute