



Seema Verma, Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS-4182-P

Dear Administrator Verma,

On behalf of SMP Pharmacy Solutions, I write in response to the proposed rule "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 published by the Centers for Medicare & Medicaid Services (CMS) in the November 28, 2017 Federal Register. Specifically we want to comment Passing through rebates and pharmacy price concessions at the point of sale.

SMP Pharmacy Solutions is an award winning pharmacy that provides Retail, Fertility, Compounding, and Specialty drugs. SMP Pharmacy Solutions prides itself on being a trusted liaison between the patient, doctor's office, drug manufacturer and insurance provider. SMP has become one of the top independent pharmacies in the country. We're very involved in the community raising money and participating in events for charities such as St. Jude, Live like Bella, Migrant Toy Drive, Susan G Komen Foundation, and Blossom's Developmental Therapy among others. SMP's very existence is being threatened by aggressive PBM tactics as well as within the last couple of year's newly instated DIR fees.

DIR fees are supposed to be performance based fees on some of the part D measures as per how the PBMs view DIR. Below I've included some of the fees that some of the PBMs are clawing back from pharmacies. Some of the PBMs are assessing a DIR fee of 3.5-5.5% of the reimbursed amounts. So this means even if the pharmacy performs at a 5-STAR level for Adherence, Gap Therapy-Statin, and Medication Therapy Management they're still taking 3.5% away from the pharmacy's reimbursement. This 3.5% is our total net margin in most cases. I'm not sure how you would consider this performance based, because I know that Medicare gives plans that are 5-STARs a bonus payment not a 3.5% decrease. Thus the DIR fees being enforced by the PBMs aren't similar to the way that Medicare Star Rating system currently operates. Some other DIR fees are 9-11% of what the pharmacy is reimbursed and the best we could do is take a 9% decrease on reimbursements, which puts us at a negative reimbursement in a lot of cases without taking into consideration all of the services that we offer including patient management, adherence calls, free next day delivery, foundation assistance for Medicare patients that have helped many of these beneficiaries be able to obtain such needed



medications. These DIR fees are starting to strangle the offerings that we can provide to our patients and community as we're not receiving bonuses for quality outcomes and ultimately healthier patients.

In addition, the DIR fees aren't determined at the point of sale. This affects the beneficiary and the pharmacy as well. The beneficiary doesn't receive any type of copay discount and the pharmacy's accounting is very difficult to manage as the DIR fees are assessed months later and in some cases they're not even line itemized in the remittance advice we get from PBMs.

Real Example: Beneficiary paid copay of \$15.33 which is the amount pharmacy was reimbursed. A month later a DIR fee was taken off that medication for the amount of \$8.75. The beneficiary doesn't benefit from the DIR fee in any way as they don't get this as a reimbursement or as any type of price concession.

Due to the DIR fees that are being assessed to the pharmacy we've had to decrease staff for patients that we use to call several times to ensure they got their medication and kept adherent. Now we make just one call and hope the patient answers or calls us back to remain adherent to their medication. In addition, a lot of these reimbursements have decreased and we have a lot of negative reimbursements for these medications. We've also had to decrease the amount of resources that we put in to our Patient Management program for chronic and complicated disease states. Our Patient Management program includes an introduction to the pharmacy, information about member's disease state, questionnaire to track responses to therapy, common side effects from the medications, proper storage of medications, proper administration of the medication, and support services the patient can rely on. The Patient Management program has helped keep many patients adherent to their medications and help them feel empowered due to the support that they receive from the pharmacy.

In conclusion, DIR fees go against improving the overall quality of healthcare for Medicare beneficiaries since pharmacies are now struggling to keep their doors open and resources aren't available any more to put the extra care these patients need to have successful therapies and decrease hospitalizations. We need CMS help to stop the rampant fees that are being applied by PBMs under the guise of DIR fees, beneficiary savings, and overall quality improvement.

Sincerely,

A handwritten signature in black ink, appearing to read "Eddy Lopez".

Eddy Lopez, Pharm.D.
Director of Operations
SMP Pharmacy Solutions