

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

Re: CMS-4182-P 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:

We write to voice our strong support for the proposed rule's suggestion to require price concessions between pharmacies and sponsors or their PBMs, commonly referred to as pharmacy direct and indirect remuneration fees, to be reflected in the negotiated price that is made available at the time a medication is dispensed. As noted in the proposed rule, "[S]ponsors and PBMs have been recouping increasing sums from network pharmacies after the point of sale (pharmacy price concessions)¹." Accounting for these fees at point-of-sale would provide greater transparency, enhance the predictability of business operations, and, as CMS concluded, lead to significant beneficiary savings.

Currently, DIR fees are assessed retroactively, often weeks or even months after a prescription has been filled. This creates uncertainty for the pharmacy as to what its net reimbursement for dispensing a medication will be. Such a delay imposes an unnecessary burden on pharmacy operators as they assess their ability to invest in and grow their pharmacies. Furthermore, the sheer magnitude of these fees, which can often amount in the tens of thousands of dollars annually, often forces pharmacies to make tough decisions to reduce employee hours, or in some cases, lay off employees. Such actions have a negative, ripple effect on beneficiary access and care.

Further, if CMS requires all pharmacy price concessions to be accounted for at point-of-sale, PBMs and PDPs would still maintain the ability to create quality-based incentives that reward pharmacies for achieving contractual, performance-based metrics based on the medication dispensed and patients and disease states being managed appreciating the nuances that exist across pharmacy practice settings. These quality-based payments can be accounted for and reported to CMS as a negative DIR.

In addition to the benefits to pharmacies, CMS has indicated that, even when considering the potential for slight increases in monthly premiums that CMS predicts, beneficiaries would realize net savings of \$10.4 billion. This 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.

Finally, CMS recognized that several research studies demonstrate that the higher patient cost-sharing that results from retroactively applying pharmacy DIR fees can impede beneficiary access to necessary medications. As former Surgeon General C. Everett Koop noted, medications don't work in those who don't take them. Thus, the result is often poorer health outcomes and higher costs to the health care

¹ 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; Notice of proposed rulemaking," 82 Federal Register 227 (28 November 2017), p. 56426

system as patients seek costlier treatments. Requiring pharmacy DIR fees to be reported at point-of-sale could create greater savings to Medicare by promoting medication access and adherence.

Given the overall patient savings predicted by CMS and the enhanced transparency created by these provisions, we believe that CMS acted prudently by considering them in the proposed rule. We urge CMS to act swiftly in adopting a requirement to account for all pharmacy DIR at point-of-sale.

Sincerely,

Academy of Independent Pharmacy/Georgia Pharmacy Association
Alabama Pharmacy Association
Alaska Pharmacists Association
Albertsons Companies
Alliance of Independent Pharmacists of Texas
alliantRx
American Associated Pharmacies
American Pharmacies
American Pharmacists Association
American Pharmacy Cooperative, Inc.
American Pharmacy Services Corporation
American Society of Consultant Pharmacists
American Society of Health- System Pharmacists
Arizona Pharmacy Association
Arkansas Pharmacists Association
Bartell Drugs
Burlington Drug Company
California Pharmacists Association
CARE Pharmacies
Cleveland Clinic
Colorado Pharmacists Society
Compliant Pharmacy Alliance
Connecticut Pharmacists Association
Dakota Drug, Inc.
Discount Drug Mart
EPIC Pharmacies, Inc.
Federation of Pharmacy Networks
Florida Pharmacy Association
Food Marketing Institute
Fruth Pharmacy, Inc.
Garden State Pharmacy Owners
Genoa
Georgia Pharmacy Association
GeriMed
Good Neighbor Pharmacy
Hartig Drug
Health Mart
Healthwise Pharmacy

Hercules Pharmaceuticals
Hi-School Pharmacy
Hometown Pharmacy
Idaho Pharmacists Association
Illinois Pharmacists Association
Independent Pharmacy Alliance
Independent Pharmacy Buying Group
Independent Pharmacy Cooperative
Indiana Pharmacists Alliance
International Academy of Compounding Pharmacists
Iowa Pharmacy Association
Kansas Independent Pharmacy Service Corporation
Kansas Pharmacists Association
Kentucky Pharmacists Association
Keystone Pharmacy Purchasing Alliance
Kinney Drugs
Lewis Drug
Louisiana Independent Pharmacies Association
Louisiana Wholesale Drug Company
Maine Pharmacy Association
Maryland Pharmacists Association
Massachusetts Independent Pharmacists Association
Massachusetts Pharmacists Association
McKesson
Medicine Shoppe/Medicap
MedStar Health
Michigan Pharmacists Association
Minnesota Pharmacists Association
Mississippi Independent Pharmacies Association
Missouri Pharmacy Association
Montana Pharmacy Association
Morris & Dickson Co., LLC
Mutual Wholesale Drug Co.
National Alliance of State Pharmacy Associations
National Association of Specialty Pharmacy
National Community Pharmacists Association
National Grocers Association
ND Pharmacists Association
ND Pharmacy Service Corporation
Nebraska Pharmacists Association
New Hampshire Pharmacists Association
New Jersey Pharmacists Association
New Mexico Pharmacists Association
New Mexico Pharmacy Business Council
Northeast Pharmacy Service Corporation
Ohio Pharmacists Association
Oklahoma Pharmacists Association
Oregon State Pharmacy Association

Osborn Drugs, Inc.
PARC- An Association of Community Pharmacies
PBA Health
PCCA
Pennsylvania Pharmacists Association
Pharmacists Society of the State of New York
Pharmacy First
Pharmacy Providers of Oklahoma
Pharmacy Franchisee and Owners Association
Pharmacy Society of Wisconsin
PPSC USA, LLC
Price Chopper Supermarkets
Quality Care Pharmacies
Ritzman Pharmacy
Rochester Drug Cooperative
RxPlus
Sav-Mor Drug Stores
Smart-Fill
Smith Drug Company
South Carolina Pharmacists Association
South Dakota Pharmacists Association
Southern Pharmacy Cooperative
Tennessee Pharmacists Association
Texas Pharmacy Association
Texas Pharmacy Business Council
Utah Pharmacy Association
UW Health
Value Drug Companies
Vermont Pharmacists Association
Virginia Pharmacists Association
Washington State Pharmacy Association
West Virginia Pharmacists Association
West Virginia University Health System
Western States Pharmacy Coalition