January 15, 2018

The Honorable Seema Verma

Administrator

Centers for Medicare & Medicaid Services

U.S. Department of Health & Human Services

7500 Security Boulevard

Baltimore MD 21244

**RE: 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 (CMS-4182-P)**

Dear Administrator Verma:

On behalf of Victor’s Regent Pharmacy,

I am pleased to submit comments and recommendations on the proposed 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 (CMS-4182-P).”

Part D plan sponsors and Pharmacy Benefit Managers (PBM’s) extract DIR (Direct and Indirect Remuneration) fees from community pharmacies. Nearly all pharmacy DIR fees are clawed back retroactively months later rather than deducted from claims on a real time basis. This reimbursement uncertainty makes it extremely difficult for community pharmacists to operate their small businesses. The current DIR model may also increase costs to patients at the point of sale and ultimately increase costs to CMS as patients enter the “donut hole” and catastrophic phases of coverage.

The continued use of DIR fees, is placing a un-do strain on the profitability of all pharmacies, Independent and Chain alike. How is it possible to fill and dispense a prescription, to latter learn that a DIR fee has been charged against this “paid” claim resulting in a negative loss. If changes are not made to prevent these DIR fees, I will have no choice but to discontinue accepting Medicare part D programs that are notorious for charging excessive DIR fees.

I write to voice my organization’s strong support for the proposed change to require that all pharmacy price concessions be reflected in the negotiated price at the point of sale. This approach will bring much needed transparency, improve the predictability of business operations for community pharmacists, and most importantly, lead to significant beneficiary savings.

Thank you for your consideration.

Sincerely,

John Victor Castillo

President

Victor’s Regent Pharmacy