# January 16, 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 Drug Max Inc.

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 (PBMs) 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 cost to CMS as patients enter the “donut hole” and catastrophic phases of coverage.

I, Leila H. Fawaz, am reaching out to you as the owner of a small, independent pharmacy known as Drug Max, Inc. I started my business in 1994 and in that time, I have seen my share of struggles in the industries and the great sweeping changes that have occurred over a long career. However, I have not seen a decision so egregious as the enforcement of having providers like myself pay DIR fees.

The decision to use third party affiliates to handle payment distribution was not one undertaken by me or my business, nor was it the decisions of my colleagues and competitors. This decision came about as a result of insurance companies and the PBMs. Whatever their reasons, they decided they needed third party companies to handle reimbursements to providers. I was given an ultimatum: Pay these exorbitant fees, or drop our insurance from your pharmacy.

I was given no choice. I was not given a person to negotiate with. I was not told my contract was changing, nor that my contract even applied to this practice. And to make matters worse, I have zero transparency in this

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,