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.

PARD- 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