# 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 MED-Choice 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 (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.

The costs of prescription claims are falsely inflated to allow insurance companies more monies from which to extract these DIR fees. This cost is absorbed by patients and CMS then largely retained by the third party agencies. In many cases, after the DIR fees are deducted, the prescription reimbursement is below the actual cost of the medication paid by the pharmacy. That is not including the cost of packaging and labeling as well as other overhead expenses, further negatively impacting revenue. The pharmacies are literally paying to fill many prescriptions. I do not believe that I should ever have to lose money repeatedly in the operation of my business. I cannot imagine another business that sells product but genuinely doesn't know at what price they are selling it. It is unmanageable and unfair.

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, Susan C. Miller Owner/PIC

SMPE, Inc. dba MED-Choice Pharmacy