

March 28, 2017

Dear Senators Capito, Tester, Boozman, Cotton, Grassley, Heitkamp, Lankford and Wicker:

We thank you for your leadership in introducing S. 413, the Improving Transparency and Accuracy in Medicare Part D Spending Act. This legislation would rein in retroactive direct and indirect remuneration (DIR) fees charged to pharmacies in Medicare Part D.

Retroactive pharmacy DIRs, often assessed weeks or even months after a prescription has been filled, prevent pharmacies from knowing at the time of dispensing what their true reimbursement will be for that prescription. The lack of transparency and the significant lag time in the pharmacy being notified about these retroactive fees creates an unnecessary burden on pharmacy operations and makes it very difficult to make decisions for the future. Furthermore, the magnitude of these fees often force pharmacies to make tough decisions to cut back on community contributions or to reduce employee hours, or in some cases laying off employees. Such actions have a ripple effect through local economies.

Moreover, both CMS and MedPAC have raised concerns over the effects DIR has on patients and the Medicare program. CMS noted that DIR affects beneficiary cost sharing, CMS payments to plans and pushes patients into, and through, the coverage gap sooner. Nearly all catastrophic costs are born by Medicare and these costs have more than tripled since 2010. MedPAC, also raised concerns over Medicare Part D DIR in its 2015 report to Congress. Accounting for these fees at point of sale protects the integrity of the Medicare program, ensures beneficiaries are not being overcharged for their medications, and can potentially lower overall costs as fewer beneficiaries reach the catastrophic phase.

This common-sense legislation would bring greater transparency to pharmacy payments by informing pharmacies at the point of sale what their reimbursement will be for clean claim prescriptions and allow for better business planning. Furthermore, it successfully achieves greater transparency while not interfering with the ability of pharmacy benefit managers (PBMs) to ensure improved pharmacy quality by creating incentive-based payment models that reward pharmacies for achieving contractual-based metrics.

For these reasons, we are proud to endorse S. 413 and urge swift Congressional action. We again thank you for your leadership in introducing this critically necessary legislation.

Sincerely,

Alabama Pharmacy Association  
Alaska Pharmacists Association  
Alliance of Independent Pharmacists of Texas  
AlliantRx  
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, Inc.  
California Pharmacists Association  
CARE Pharmacies  
Cleveland Clinic  
Colorado Pharmacists Association  
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 Pharmacies  
Garden State Pharmacy Owners  
Georgia Pharmacy Association  
Gerimed  
Good Neighbor Pharmacy  
Hartig Drug  
H. D. Smith  
Health Mart  
Hercules Pharmaceuticals  
Hi School Pharmacy  
Hometown Pharmacies  
Houchens Industries  
Idaho State Pharmacy 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  
Kmart  
Lewis Drug  
Louisiana Independent Pharmacists Association  
Louisiana Wholesale Drug Company, Inc.

LUGPA  
Maine Pharmacy Association  
Maryland Pharmacists Association  
Massachusetts Independent Pharmacists Association  
Massachusetts Pharmacists Association  
McKesson  
Medicine Shoppe/Medicap  
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 Grocers Association  
Nebraska Pharmacists Association  
New Jersey Pharmacists Association  
New Mexico Pharmacists Association  
National Community Pharmacists Association  
North Carolina Association of Pharmacists  
ND Pharmacists Association  
ND Pharmacy Service Corporation  
Northeast Pharmacy Service Corporation  
NYU Langone Medical Center  
Ohio Pharmacists Association  
Oklahoma Pharmacists Association  
Oregon Pharmacy Association  
Osborn Drugs  
PARD- An Association of Community Pharmacies  
Partners Healthcare  
PBA Health  
PCCA  
Pennsylvania Pharmacists Association  
Pharmacists Society of the State of New York  
Pharmacists United for Truth and Transparency  
Pharmacy Franchisees and Owners Association  
Pharmacy Society of Wisconsin  
PPOK  
PPSC  
QualityCare Pharmacies  
Ritzman Pharmacy  
Rochester Drug Cooperative  
RxPlus  
Sav-Mor Drug Stores

Smart-Fill Management Group  
Smith Drug Company  
South Carolina Pharmacists Association  
South Dakota Pharmacists Association  
Southern Pharmacy Cooperative  
Tennessee Pharmacists Association  
Texas Pharmacy Association  
Texas Pharmacy Business Council  
Texas TrueCare Pharmacies  
Third Party Station  
U-Save-It Pharmacy  
University of Tennessee Medical Center  
University of Wisconsin Health  
Utah Society of Health System Pharmacists  
Value Drug Company  
Virginia Pharmacists Association  
Washington DC Pharmacy Association  
Washington State Pharmacy Association  
West Virginia Pharmacists Association  
West Virginia University Health Systems  
Western States Pharmacy Coalition  
Wyoming Pharmacy Association