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SUBCOMMITTEE ON ENVIRONMENT

The Honorable Andy Slavitt
Acting Administrator
Department of Health and Human Services
Centers for Medicare and Medicaid
7500 Security Boulevard
Baltimore, MD 21244

Dear Acting Administrator Slavitt,

I write in support of your proposed guidance that was released in the fall of 2014 regarding Medicare's proposal to ensure pharmacy benefit managers (PMBs)/Part D plan sponsors consistently report pharmacy price concessions. Current variations in the treatment of costs and price concessions affect beneficiary cost sharing, CMS payment to plans, federal reinsurance and low income cost-sharing, manufacturer coverage gap discount payments, and plan bids. This issue is crucially important to independent pharmacies across the country, and I would appreciate clarification on the Agency's plan to address it.

Some PMBs/Part D plan sponsors have manipulated how and when to report certain price concessions received from or incentive payments made to pharmacies related to drugs dispensed to Medicare beneficiaries. Such manipulation has resulted in an unfair playing field as the price of a drug out-the-door from a given pharmacy to a beneficiary can appear higher or lower on the Medicare Plan Finder depending on how and when certain payments and discounts are accounted for by Medicare Part D plans.

As a result, Medicare beneficiaries could be relying on inaccurate data when using the Medicare Plan Finder website to compare the cost of filling a prescription among competing pharmacies and drug plans. In addition, the ability of CMS to oversee plan sponsors and PMBs to protect taxpayer funds from misuse is greatly undermined.

PMBs receive multiple revenue streams from pharmacies (labeled "network access fees", "DIR fees", "credentialing fees", etc.). Conversely, PMBs may make conditional, incentive payments to certain pharmacies. Without uniform reporting standards, neither of these payments, which can certainly be approximated at the point of sale, may be appropriately reported by Part D plans.

Through discussions with multiple independent pharmacies in Louisiana's Fifth Congressional District, I learned of situations in which pharmacies have been waiting for as long as five months to find out the dollar amount in DIR fees that PBMs are taking from them. This is no way for an industry to run. CMS finalizing guidance on their DIR rules would be a positive step toward consistent and fair reporting.

This ultimately is a patient access issue. As you know, when pharmacies are consistently paid below cost, they cannot keep their doors open, and it is the community and patients that suffer. With this in mind, I urge you to finalize the proposed guidance released in the fall of 2014.

Sincerely,



Ralph Abraham, M.D.
Member of Congress

RA/bl