

Congress of the United States
Washington, DC 20515

June 14, 2016

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

Dear Acting Administrator Andrew Slavitt,

We write in support of your proposed guidance that was released in the fall of 2014 regarding Medicare's proposal to ensure pharmacy benefit managers (PBMs)/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 (LIS), manufacturer coverage gap discount payments, and plan bids. A similar letter was sent last October, and my office has not yet received a response. This issue is crucially important to community pharmacies in our congressional districts, and we would appreciate clarification on the Agency's plan to address it.

Some PBMs/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 PBMs to protect taxpayer funds from misuse is greatly undermined.

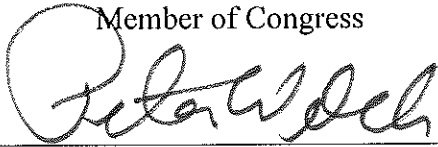
PBMs receive multiple revenue streams from pharmacies (labeled "network access fees", "DIR fees", "credentialing fees", etc.). Conversely, PBMs may make conditional, incentive payments to certain pharmacies. Without uniform reporting standards, neither of these payments, which can certainly be approximated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

Precedent does exist for the proposed guidance as CMS has previously had to take action concerning "negotiated prices." In early 2009 during the final days of the Bush Administration, the agency moved to address discrepancies among PBMs when it came to "lock in" vs. "pass through" pricing, which caused problems in program management and integrity.


Again, we support the proposed guidance that your agency released in the fall of 2014, and we hope that you move forward quickly to finalize it. As we all work to ensure seniors get the best and most affordable health care possible, we must focus on reducing prescriptions drug costs and making sure there is ample transparency and consistency in reporting. Thank you for service to the Center for Medicare and Medicaid Services (CMS).



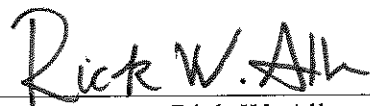
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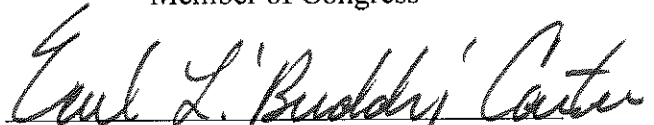
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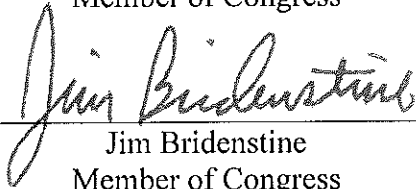
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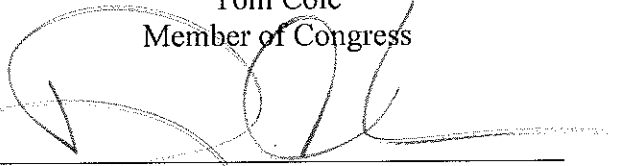
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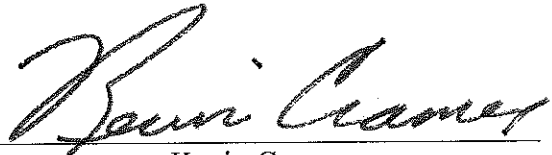
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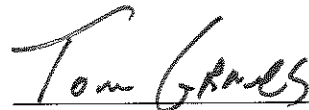
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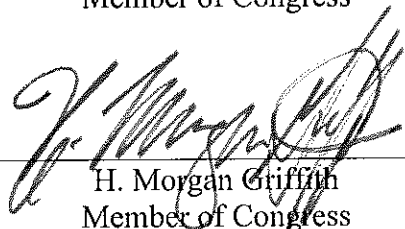
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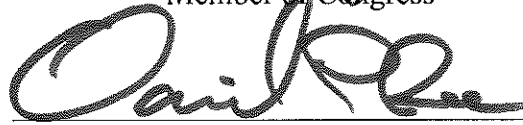
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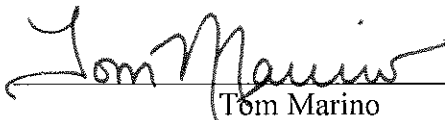
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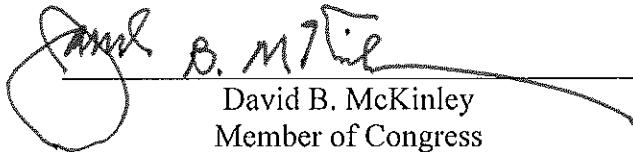
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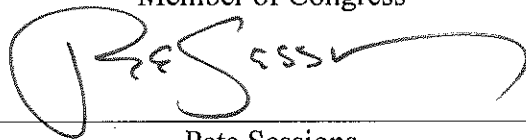
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