

Congress of the United States
Washington, DC 20515

Dear Colleague:

Please join us in sending the attached letter to Administrator Verma in support of a proposal included in the Centers for Medicare and Medicaid Services' (CMS) proposed Part D rule.

Over the years, community pharmacists have been increasingly charged retroactive fees (DIR fees) after prescriptions are filled, which hurts, and sometimes destroys, their businesses. A majority of these pharmacists said they receive no information about when DIR fees will be collected or their size. Many pharmacists have reported that DIR fees can total thousands of dollars each month. Additionally, use of these retroactive fees in Part D raises out-of-pocket costs for Medicare Part D beneficiaries.

To frame this problem in more relatable terms, if you fill up your gas tank when the price is \$2.09 per gallon and the price later goes up to \$2.29, you won't receive a bill demanding payment for the extra twenty cents per gallon. The same principle should apply to our community pharmacists. They deserve to be reimbursed based on the price of drugs when they are dispensed, not when they are charged. This CMS proposal would prohibit PBMs from unduly changing their reimbursements to your pharmacist after the fact.

Under the proposed rule, all price concessions, or fees, from pharmacies would have to be reflected in the negotiated price made available at the point of sale, ending the retroactive collection of these fees. Not only will this proposal provide some certainty and predictability for community pharmacists on reimbursement rates, but CMS also noted that this proposal would reduce net beneficiary costs by \$10.4 billion.

For more information or to sign on to the letter, please contact Kristin Seum (Kristin.seum@mail.house.gov) in Rep. Griffith's office or Isaac Loeb (Isaac.loeb@mail.house.gov) in Rep. Welch's office.



H. MORGAN GRIFFITH
Member of Congress



PETER WELCH
Member of Congress

Ms. Seema Verma
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Administrator Verma:

We write to express our appreciation and support for a proposal included as part of the Centers for Medicare and Medicaid Services' (CMS) proposed rule for the 2019 Medicare Part D plan year. This proposal would increase transparency and accuracy in Medicare Part D prescription drug spending and reporting.

In June 2016, a bipartisan group of 30 members of the House of Representatives raised concerns with pharmacy price concessions in Part D and the problems that they posed for beneficiary cost sharing, as well as federal reinsurance and low income cost-sharing subsidies paid by CMS to Part D plan sponsors.

We applaud the agency for listening to our concerns and for its proposal that would effectively prohibit retroactive pharmacy Direct and Indirect Remuneration (DIR) fees, which are clawed back by Part D plan sponsors, or their Pharmacy Benefit Manager (PBM) intermediaries, as much as 6 months after a prescription has been filled. We have heard from countless pharmacists in the communities we represent about how these DIR fees threaten their businesses as they do not know when these fees will be collected, how large they may be, and whether the final reimbursement total will even cover the cost of the drug dispensed.

While the agency's proposal would provide some certainty and predictability for community pharmacists on reimbursement rates, CMS also noted that this proposal would reduce net beneficiary costs by \$10.4 billion. Senior citizens should not be forced to pay cost sharing on artificially inflated drug prices at the pharmacy counter that quickly force them into the coverage gap, therefore this proposal is vital in reducing costs for our vulnerable seniors and ensuring they have access to the medications they need.

We thank you for listening to and addressing concerns in regard to the negative impact of retroactive pharmacy DIR fees and urge the Administration to immediately finalize this proposal in the 2019 final Part D rule, rather than continuing to collect further information.

Sincerely,

H. MORGAN GRIFFITH

PETER WELCH

AUSTIN SCOTT

DAVE LOEBACK

EARL 'BUDDY' CARTER