

Medicare Part D Pharmacy “DIR” Fees **Encourage CMS to Finalize Proposed Guidance on DIR and Pharmacy Price Concessions**

What Are Pharmacy “DIR” Fees?

“DIR fees” is the current term that Part D plan sponsors and Pharmacy Benefit Managers (PBMs) are using to describe a number of different types of “fees” or charges that are extracted from pharmacies participating in Medicare Part D. Most often, these fees take one of three different forms:

- Pharmacies are charged a “pay to play” fee or a fee to participate in a “preferred pharmacy network
- Pharmacies are charged the difference between the agreed upon reimbursement rate and another variable contractual metric
- Pharmacies are charged a fee based on compliance with contractually imposed performance metric or more often, their performance offsets another fee

Why Are Pharmacy “DIR” Fees Problematic?

DIR fees are so problematic because of the timing in which they are assessed. These fees are not taken out of each claim but rather, the Part D plan sponsor/PBM will conduct periodic “reconciliations” every few months and then charge pharmacies for the difference a few months later. Precisely because of this “lag time,” it is extremely difficult for pharmacies to assess what their actual reimbursement rate is at the outset of the contract; at the time of dispensing; and also at the end of the contractual term. It is NCPA’s position (and that of CMS), that most, if not all of these DIR fees could be determined or reasonably estimated at the point of sale and reflected in the adjudication process.

How Can We Remedy This Situation?

In 2014, CMS published *Proposed Guidance on Direct and Indirect Remuneration (DIR) and Pharmacy Price Concessions* which seeks to implement existing regulations that require each Medicare Part D Plan Sponsor/PBM’s “negotiated price” with a pharmacy for dispensing a drug to a Medicare Part D beneficiary be net of all price concessions except those that cannot be reasonably determined or approximated at the point of sale. The proposed guidance provided that that virtually all price concessions could indeed be determined at point of sale and if not could be reasonably approximated.

Encourage CMS to Finalize Proposed Guidance of DIR and Pharmacy Price Concessions

If finalized, this guidance should ensure greater transparency to pharmacies about their actual reimbursement at claim adjudication as well as greater transparency to CMS and plan beneficiaries about the true costs of prescription drugs at each pharmacy.