



Support CMS's proposal to eliminate retroactive pharmacy DIR fees & provide out of pocket savings to seniors

On Nov. 30, 2018, the Centers for Medicare and Medicaid Services published the proposed rule, *Modernizing Part D and Medicare Advantage to Lower Drug Prices and Reduce Out-of-Pocket Expenses, CMS-4180-P*. The proposed rule features critical policy changes to the application of pharmacy price concessions, also known as direct and indirect remuneration fees, in the Medicare Part D program. According to CMS, these pharmacy price concessions, net of all pharmacy incentive payments, have grown more than 45,000 percent between 2010 and 2017, which is why patients and pharmacies need reform and relief from DIR fees.

CMS's proposal would:

- Eliminate retroactive pharmacy DIR fees.

The current definition of “negotiated price” would be amended to include all pharmacy price concessions which would require plan sponsors to reflect the lowest possible reimbursement that a network pharmacy could receive from a Part D sponsor for a covered Part D drug. Requiring the lowest possible reimbursement would move the negotiated price closer to a pharmacy’s actual reimbursement, which is “closer to the actual cost of the drug for the Part D sponsor.”

- Develop a standard set of quality and performance metrics for pharmacy.

The proposal requests feedback on whether contingent metrics, including quality and performance metrics, could be designed to provide pharmacies with more predictability. CMS notes that incentive payments to pharmacies currently are “quite rare,” while penalties assessed against pharmacies are abundant. By excluding additional contingent price concessions like incentive payments from the negotiated price, CMS seeks to encourage plan sponsors to motivate pharmacies to provide greater quality of care that improves patient outcomes through after-the-fact incentive payments not included in a pharmacy’s lowest reimbursement.

More money in seniors pockets, more predictability for pharmacies

Currently, DIR fees disadvantage patients, who are assessed a higher cost-share against their Part D deductible rather than the retroactive, lower adjusted price. The result is to push patients more quickly into the so-called Part D donut hole, at which point the patient is responsible for a considerably larger portion of their prescription drug costs. The proposed rule would shift those price concessions to point-of-sale, meaning that patients would realize the benefit of the adjusted price and pharmacies could have greater predictability in cash flows.

CMS estimates that their proposal would save Medicare beneficiaries \$7.1 to \$9.2 billion in reduced cost sharing over 10 years starting as early as 2020.

Urge the administration to finalize this proposal to eliminate retroactive DIR fees and provide cost savings to seniors as quickly as possible for plan year 2020.