

June 25, 2014

The Honorable Fred Upton  
Energy and Commerce Committee  
Washington, DC 20515

The Honorable Henry Waxman  
Energy and Commerce Committee  
Washington, DC 20515

The Honorable Dave Camp  
Ways and Means Committee  
Washington, DC 20515

The Honorable Sander Levin  
House Ways and Means Committee  
Washington, DC 20515

Dear Chairman Upton, Ranking Member Waxman, Chairman Camp and Ranking Member Levin:

In April Reps. Doug Collins (GA) and Dave Loebsack (IA) introduced legislation that would bring greater transparency to Medicare Part D generic drug payments. Generic prescription drugs account for approximately 80 percent of drugs dispensed, but the reimbursement system for these medications is a mystery to pharmacists and raises serious questions as to whether Medicare is overpaying the drug plan middlemen, pharmacy benefit managers (PBMs). The contracts independent community pharmacies sign with PBMs for access to their pharmacy networks are non-negotiable and do not disclose the terms and conditions regarding payments for most generic drugs.

Even though pharmacists are reimbursed for generic prescriptions via Maximum Allowable Cost (MAC) lists, these lists are not updated on a regular basis which frequently results in pharmacists being reimbursed below their acquisition cost for various medications particularly in today's pharmaceutical marketplace which has recently been plagued with a series of generic medication price spikes.

Just last month CMS finalized its rule on Part D and it included findings that will require the PBMs to inform pharmacies what the MAC is and they will have to update the price at least once every seven days. We were obviously very pleased with the action CMS took on this important topic but we write today to highlight the other provisions in H.R. 4437 that were not included in the rule.

The legislation would establish an appeals process for pharmacies to resolve disputes over drug reimbursement in cases in which the reimbursement amount is less than the pharmacy acquisition price for a drug. Additionally it would protect patient privacy and choice of pharmacy by:

- Prohibiting a PBM from transmitting personally identifiable utilization or claims data to a PBM-owned pharmacy, unless the patient has voluntarily elected to fill their prescription at such pharmacy; and
- Prohibiting a PBM from requiring that a beneficiary use a retail or mail order pharmacy in which the PBM has an ownership interest.

Again we applaud CMS for taking a very large step towards generic drug pricing transparency in Part D. We respectfully request that the committees closely examine and ultimately consider this common sense bipartisan legislation. Thank you for your service to the U.S. House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Douglas Hoey". The signature is fluid and cursive, with the first name "B." being small and the last name "Hoey" being larger and more prominent.

B. Douglas Hoey, R.Ph., M.B.A  
Chief Executive Officer