

Congress of the United States
Washington, DC 20515

October 12, 2015

Ms. Amanda Johnson
Director, Division of Payment Reconciliation
Centers for Medicare & Medicaid Services
7500 Security Blvd. C1-13-07
Baltimore, MD 21244

Dear Ms. Johnson,

We write today in support of your proposed guidance that was released last year regarding Medicare's proposal to ensure 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.

Some 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 pharmacy benefit managers (PBMs) to protect taxpayer funds from misuse is greatly undermined.

PBMs receive undisclosed 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 last year, and we hope it will be finalized in the near future. 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 to help the government responsibly manage the program as well as to help our nation's seniors make better informed decisions. Thank you for your attention to this letter, and we look forward to your response.

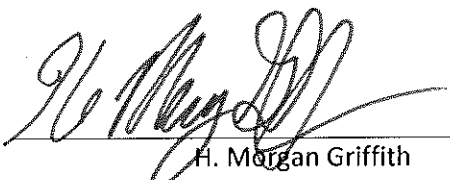

Austin Scott
Member of Congress

Sincerely,

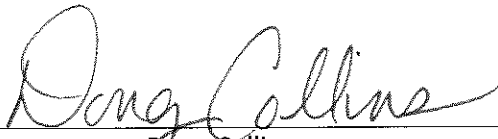

Dave Loebsack
Member of Congress

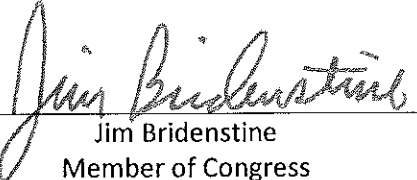

Peter Welch
Member of Congress



Earl L. "Buddy" Carter
Member of Congress



H. Morgan Griffith
Member of Congress

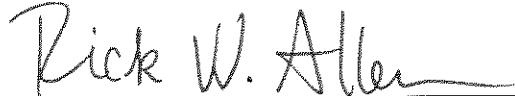

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