

Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Attention: CMS-4182-P  
P.O. Box 8013  
Baltimore, MD 21244-8013

**Re: CMS-4182-P Medicare Program: Contract Year 2019 Policy and Technical Changes to the Medicare Advantage, Medicare Cost Plan, Medicare Fee-for-Service, the Medicare Prescription Drug Benefit Programs, and the PACE Program**

To Whom It May Concern:

We write to voice our strong support for the proposed rule's suggestion to require price concessions between pharmacies and sponsors or their PBMs, commonly referred to as pharmacy direct and indirect remuneration fees, to be reflected in the negotiated price that is made available at the time a medication is dispensed. As noted in the proposed rule, "[S]ponsors and PBMs have been recouping increasing sums from network pharmacies after the point of sale (pharmacy price concessions)<sup>1</sup>." Accounting for these fees at point-of-sale would provide greater transparency, enhance the predictability of business operations, and, as CMS concluded, lead to significant beneficiary savings.

Currently, DIR fees are assessed retroactively, often weeks or even months after a prescription has been filled. This creates uncertainty for the pharmacy as to what its net reimbursement for dispensing a medication will be. Such a delay imposes an unnecessary burden on pharmacy operators as they assess their ability to invest in and grow their pharmacies. Furthermore, the sheer magnitude of these fees, which can often amount in the tens of thousands of dollars annually, often forces pharmacies to make tough decisions to reduce employee hours, or in some cases, lay off employees. Such actions have a negative, ripple effect on beneficiary access and care.

Further, if CMS requires all pharmacy price concessions to be accounted for at point-of-sale, PBMs and PDPs would still maintain the ability to create quality-based incentives that reward pharmacies for achieving contractual, performance-based metrics based on the medication dispensed and patients and disease states being managed appreciating the nuances that exist across pharmacy practice settings. These quality-based payments can be accounted for and reported to CMS as a negative DIR.

In addition to the benefits to pharmacies, CMS has indicated that, even when considering the potential for slight increases in monthly premiums that CMS predicts, beneficiaries would realize net savings of \$10.4 billion. This would also slow beneficiary progression through the phases of the Part D program. These conclusions align with CMS' previous findings that DIR affects beneficiary cost-sharing and CMS payments to plans while also pushing patients into, and through, the coverage gap sooner.

Finally, CMS recognized that several research studies demonstrate that the higher patient cost-sharing that results from retroactively applying pharmacy DIR fees can impede beneficiary access to necessary medications. As former Surgeon General C. Everett Koop noted, medications don't work in those who don't take them. Thus, the result is often poorer health outcomes and higher costs to the health care

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<sup>1</sup> Medicare Program; Contract Year 2019 Policy and Technical Changes to the Medicare Advantage, Medicare Cost Plan, Medicare Fee-for-Service, the Medicare Prescription Drug Benefit Programs, and the PACE Program; Notice of proposed rulemaking," 82 Federal Register 227 (28 November 2017), p. 56426

system as patients seek costlier treatments. Requiring pharmacy DIR fees to be reported at point-of-sale could create greater savings to Medicare by promoting medication access and adherence.

Given the overall patient savings predicted by CMS and the enhanced transparency created by these provisions, we believe that CMS acted prudently by considering them in the proposed rule. We urge CMS to act swiftly in adopting a requirement to account for all pharmacy DIR at point-of-sale.

Sincerely,

Academy of Independent Pharmacy/Georgia Pharmacy Association  
Alabama Pharmacy Association  
Alaska Pharmacists Association  
Albertsons Companies  
Alliance of Independent Pharmacists of Texas  
alliantRx  
American Associated Pharmacies  
American Pharmacies  
American Pharmacists Association  
American Pharmacy Cooperative, Inc.  
American Pharmacy Services Corporation  
American Society of Consultant Pharmacists  
American Society of Health- System Pharmacists  
Arizona Pharmacy Association  
Arkansas Pharmacists Association  
Bartell Drugs  
Burlington Drug Company  
California Pharmacists Association  
CARE Pharmacies  
Cleveland Clinic  
Colorado Pharmacists Society  
Compliant Pharmacy Alliance  
Connecticut Pharmacists Association  
Dakota Drug, Inc.  
Discount Drug Mart  
EPIC Pharmacies, Inc.  
Federation of Pharmacy Networks  
Florida Pharmacy Association  
Food Marketing Institute  
Fruth Pharmacy, Inc.  
Garden State Pharmacy Owners  
Genoa  
Georgia Pharmacy Association  
GeriMed  
Good Neighbor Pharmacy  
Hartig Drug  
Health Mart  
Healthwise Pharmacy

Hercules Pharmaceuticals  
Hi-School Pharmacy  
Hometown Pharmacy  
Idaho Pharmacists Association  
Illinois Pharmacists Association  
Independent Pharmacy Alliance  
Independent Pharmacy Buying Group  
Independent Pharmacy Cooperative  
Indiana Pharmacists Alliance  
International Academy of Compounding Pharmacists  
Iowa Pharmacy Association  
Kansas Independent Pharmacy Service Corporation  
Kansas Pharmacists Association  
Kentucky Pharmacists Association  
Keystone Pharmacy Purchasing Alliance  
Kinney Drugs  
Lewis Drug  
Louisiana Independent Pharmacies Association  
Louisiana Wholesale Drug Company  
Maine Pharmacy Association  
Maryland Pharmacists Association  
Massachusetts Independent Pharmacists Association  
Massachusetts Pharmacists Association  
McKesson  
Medicine Shoppe/Medicap  
MedStar Health  
Michigan Pharmacists Association  
Minnesota Pharmacists Association  
Mississippi Independent Pharmacies Association  
Missouri Pharmacy Association  
Montana Pharmacy Association  
Morris & Dickson Co., LLC  
Mutual Wholesale Drug Co.  
National Alliance of State Pharmacy Associations  
National Association of Specialty Pharmacy  
National Community Pharmacists Association  
National Grocers Association  
ND Pharmacists Association  
ND Pharmacy Service Corporation  
Nebraska Pharmacists Association  
New Hampshire Pharmacists Association  
New Jersey Pharmacists Association  
New Mexico Pharmacists Association  
New Mexico Pharmacy Business Council  
Northeast Pharmacy Service Corporation  
Ohio Pharmacists Association  
Oklahoma Pharmacists Association  
Oregon State Pharmacy Association

Osborn Drugs, Inc.  
PARD- An Association of Community Pharmacies  
PBA Health  
PCCA  
Pennsylvania Pharmacists Association  
Pharmacists Society of the State of New York  
Pharmacy First  
Pharmacy Providers of Oklahoma  
Pharmacy Franchisee and Owners Association  
Pharmacy Society of Wisconsin  
PPSC USA, LLC  
Price Chopper Supermarkets  
Quality Care Pharmacies  
Ritzman Pharmacy  
Rochester Drug Cooperative  
RxPlus  
Sav-Mor Drug Stores  
Smart-Fill  
Smith Drug Company  
South Carolina Pharmacists Association  
South Dakota Pharmacists Association  
Southern Pharmacy Cooperative  
Tennessee Pharmacists Association  
Texas Pharmacy Association  
Texas Pharmacy Business Council  
Thrifty White  
Utah Pharmacy Association  
UW Health  
Value Drug Companies  
Vermont Pharmacists Association  
Virginia Pharmacists Association  
Washington State Pharmacy Association  
West Virginia Pharmacists Association  
West Virginia University Health System  
Western States Pharmacy Coalition