

March 27, 2017

Dear Senators Capito, Tester, Boozman, Cotton, Grassley, Heitkamp, Lankford and Wicker:

We thank you for your leadership in introducing H.R.1038/S. 413, the Improving Transparency and Accuracy in Medicare Part D Spending Act. This legislation would rein in retroactive direct and indirect remuneration (DIR) fees charged to pharmacies in Medicare Part D.

Retroactive pharmacy DIRs, often assessed weeks or even months after a prescription has been filled, prevent pharmacies from knowing at the time of dispensing what their true reimbursement will be for that prescription. The lack of transparency and the significant lag time in the pharmacy being notified about these retroactive fees creates an unnecessary burden on pharmacy operations and makes it very difficult to make decisions for the future. Furthermore, the magnitude of these fees often force pharmacies to make tough decisions to cut back on community contributions or to reduce employee hours, or in some cases laying off employees. Such actions have a ripple effect through local economies.

Moreover, both CMS and MedPAC have raised concerns over the effects DIR has on patients and the Medicare program. CMS noted that DIR affects beneficiary cost sharing, CMS payments to plans and pushes patients into, and through, the coverage gap sooner. Nearly all catastrophic costs are born by Medicare and these costs have more than tripled since 2010. MedPAC, also raised concerns over Medicare Part D DIR in its 2015 report to Congress. Accounting for these fees at point of sale protects the integrity of the Medicare program, ensures beneficiaries are not being overcharged for their medications, and can potentially lower overall costs as fewer beneficiaries reach the catastrophic phase.

This common-sense legislation would bring greater transparency to pharmacy payments by informing pharmacies at the point of sale what their reimbursement will be for clean claim prescriptions and allow for better business planning. Furthermore, it successfully achieves greater transparency while not interfering with the ability of pharmacy benefit managers (PBMs) to ensure improved pharmacy quality by creating incentive-based payment models that reward pharmacies for achieving contractual-based metrics.

For these reasons, we are proud to endorse H.R. 1038/S. 413 and urge swift Congressional action. We again thank you for your leadership in introducing this critically necessary legislation.

Sincerely,

Alabama Pharmacy Association
Alaska Pharmacists Association
Alliance of Independent Pharmacists of Texas
AlliantRx
American Pharmacists Association
American Pharmacy Cooperative, Inc.
American Pharmacy Services Corporation

American Society of Consultant Pharmacists
Arizona Pharmacy Association
Arkansas Pharmacists Association
Bartell Drugs
Burlington Drug Company, Inc.
California Pharmacists Association
CARE Pharmacies
Cleveland Clinic
Colorado Pharmacists Association
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 Pharmacies
Garden State Pharmacy Owners
Georgia Pharmacy Association
Gerimed
Good Neighbor Pharmacy
Hartig Drug
H. D. Smith
Health Mart
Hercules Pharmaceuticals
Hi School Pharmacy
Hometown Pharmacies
Houchens Industries
Idaho State Pharmacy 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, Inc.
Kmart
Lewis Drug
Louisiana Independent Pharmacists Association
Louisiana Wholesale Drug Company, Inc.

LUGPA
Maryland Pharmacists Association
Massachusetts Independent Pharmacists Association
McKesson
Medicine Shoppe/Medicap
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 Grocers Association
Nebraska Pharmacists Association
New Jersey Pharmacists Association
New Mexico Pharmacists Association
National Community Pharmacists Association
North Carolina Association of Pharmacists
ND Pharmacists Association
ND Pharmacy Service Corporation
Northeast Pharmacy Service Corporation
Ohio Pharmacists Association
Oklahoma Pharmacists Association
Oregon Pharmacy Association
Osborn Drugs
PARD- An Association of Community Pharmacies
Partners Healthcare
PBA Health
PCCA
Pennsylvania Pharmacists Association
Pharmacists Society of the State of New York
Pharmacists United for Truth and Transparency
Pharmacy Franchisees and Owners Association
Pharmacy Society of Wisconsin
PPOK
PPSC
QualityCare Pharmacies
Ritzman Pharmacy
Rochester Drug Cooperative
RxPlus
Sav-Mor Drug Stores
Smart-Fill Management Group
Smith Drug Company
South Carolina Pharmacists Association

South Dakota Pharmacists Association
Southern Pharmacy Cooperative
Tennessee Pharmacists Association
Texas Pharmacy Association
Texas Pharmacy Business Council
Texas TrueCare Pharmacies
Third Party Station
U-Save-It Pharmacy
University of Tennessee Medical Center
University of Wisconsin Health
Value Drug Company
Virginia Pharmacists Association
Washington DC Pharmacy Association
Washington State Pharmacy Association
West Virginia Pharmacists Association
West Virginia University Health Systems
Western States Pharmacy Coalition
Wyoming Pharmacy Association