



Congress of the United States
House of Representatives
Washington, DC 20515-1009

February 21, 2019

The Honorable Alex M. Azar II
Secretary
U.S. Department of Health and Human Services
Hubert Humphrey Building, Room 416G
Washington, DC 20201

Dear Secretary Azar,

Thank you for your efforts to lower drug prices for Americans. We write today in support of provisions in the Modernizing Part D and Medicare Advantage to Lower Drug Prices and Reduce Out-of-Pocket Expenses proposed rule (CMS-4180-P1) that would reform the use of pharmacy direct and indirect remuneration (DIR) fees, or pharmacy price concessions, in the Medicare Part D program.

On February 7, 2019, we reintroduced the “Phair Pricing Act of 2018” to lower the cost of prescription medications for patients in the Medicare Part D program. Our bill would address the gap between reality and the claims that pharmacy benefit managers (PBMs) and prescription drug plan (PDP) sponsors negotiate with pharmacies on behalf of patients. PBMs and PDP sponsors often use pharmacy rebates and price concessions to pad their profits instead of lowering the price patients pay for medications, which is the stated purpose of the rebates and price concessions.

In the proposed rule, the Centers for Medicare and Medicaid Services (CMS) notes that the documented increase of retroactive pharmacy fees has translated into higher cost-sharing for beneficiaries, pushing them more quickly into the “donut hole”, or coverage gap of their Part D benefit. These fees also make it difficult for community pharmacies to care for patients and operate their businesses as the fees can be clawed back months after the medications are dispensed.

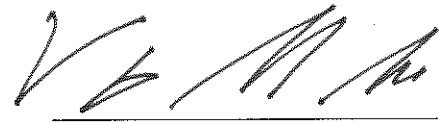
The proposed rule, much like the Phair Pricing Act, would direct all price concessions between a pharmacy and a PDP sponsor or PBM to be included at the point of sale in order to decrease patients' medication costs. This policy would help bring transparency to a notoriously complex industry. CMS estimates reforms to pharmacy DIR would save Medicare beneficiaries \$7.1 to \$9.2 billion in reduced cost sharing over 10 years.

Our legislation also seeks to establish a working group to determine the quality measures that apply to pharmacy operations. The working group would ensure that quality metrics improve patient care. Accordingly, we are pleased to see that CMS intends to develop a standard set of

pharmacy performance and quality metrics. We applaud this effort by the agency and believe that standardized metrics would help to drive greater quality and patient outcomes by recognizing and rewarding pharmacies in the Medicare program with after-the-fact incentive payments.

We commend the Administration for seeking to eliminate retroactive pharmacy DIR fees and provide cost savings to seniors—policies which we have championed. We urge you to finalize this DIR proposal and work to standardize pharmacy quality measurement in the final rule for plan year 2020.

Sincerely,


Doug Collins
Vicente Gonzalez

CC: Seema Verma, Administrator, Centers for Medicare & Medicaid Services
Mick Mulvaney, Director, Office of Management and Budget