

# United States Senate

WASHINGTON, DC 20510

January 24, 2018

The Honorable Seema Verma  
Administrator  
Centers for Medicare and Medicaid Services  
200 Independence Avenue SW  
Washington, DC 20201

Dear Administrator Verma:

We write to express our support for the proposal related to pharmacy price concessions in the Centers for Medicare and Medicaid Service's (CMS) proposed rule for the 2019 Medicare Prescription Drug Benefit program. Pharmacy price concessions account for real differences between the listed prices of prescription drugs and those drugs' final, actual costs. By requiring that all of these pharmacy price concessions be reflected in the negotiated price at the point of sale, CMS's proposal will help increase the transparency and accuracy of prescription drug costs in Medicare Part D, and help significantly lower American seniors' out of pocket drug costs.

In June 2016, a bipartisan group of Senators raised concerns with the current lack of transparency in pharmacy price concessions in Medicare Part D. In the letter, the Senators noted the impact these concessions had on beneficiaries' cost sharing, federal reinsurance payments, and additional cost-sharing assistance for low-income beneficiaries. Many of these same Senators have also proposed legislation to bring greater transparency to pharmacy price concessions, lower seniors' out of pocket costs, and bring certainty to the community pharmacies who serve them.

We thank CMS for hearing these concerns and taking concrete steps to address them. We are particularly pleased that the proposal would effectively prohibit retroactive pharmacy Direct and Indirect Remuneration (DIR) fees. Part D plan sponsors, often through their pharmacy benefit managers, claw these price concessions back from pharmacies well after they have already sold and dispensed the drugs. These claw backs sometimes occur as much as six months after Medicare beneficiaries fill their prescriptions.

We have heard from numerous pharmacies in our communities—many of which are rural or medically underserved—that these claw back fees cause so much uncertainty that they do not know if they can continue to serve American families. They do not know when the fees will be collected, how large a fee they will have to pay, and if the final amount they are paid will actually cover the cost of dispensing the drugs. This sort of opacity in the real cost of prescription drugs and the method of paying for them is exactly why Americans are so frustrated when they try to fill a prescription.

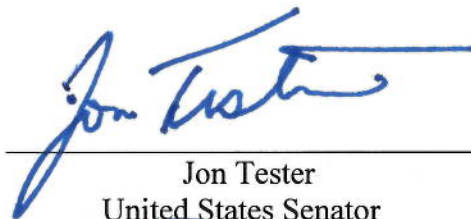
While CMS's proposal will provide much needed certainty to the community pharmacists who serve American seniors, it will also reduce Medicare beneficiaries' out of pocket drug costs. CMS has noted that this proposal would reduce total beneficiary drug costs by \$10.4 billion. Seniors should no longer have to bear the burden of artificially inflated drug prices when they go the pharmacy counter. This proposal will help reduce the financial strain on seniors with fixed incomes and protect them from exposure to the Part D coverage donut hole.

For these vital reasons, we encourage CMS to adopt its proposal on pharmacy price concessions. We thank you for hearing concerns about the negative impacts of concessions like retroactive DIR fees, and look forward to the implementation of the proposed changes to address these concerns.

Sincerely,



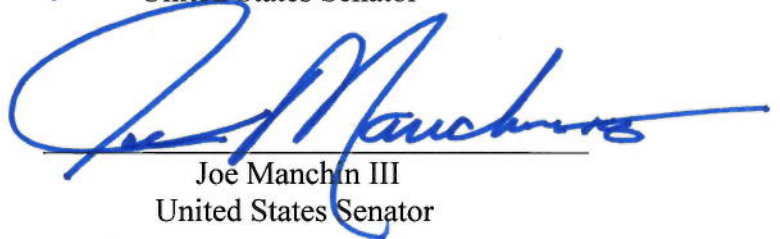
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United States Senator



Jon Tester  
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United States Senator



Joe Manchin III  
United States Senator



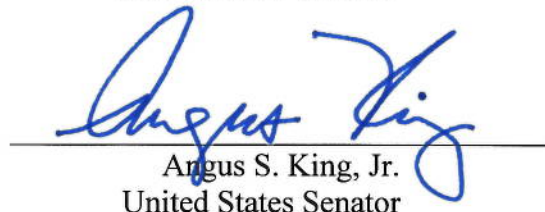
Chuck E. Grassley  
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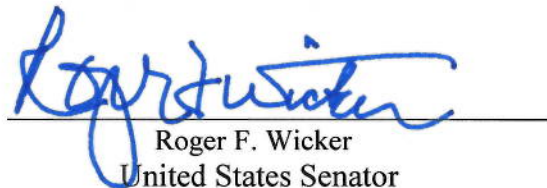
Susan M. Collins  
United States Senator



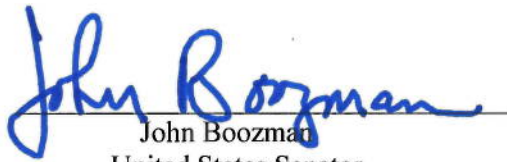
Angus S. King, Jr.  
United States Senator

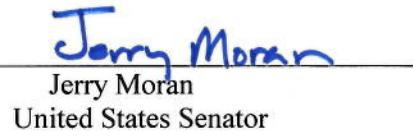


John Thune  
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Roger F. Wicker  
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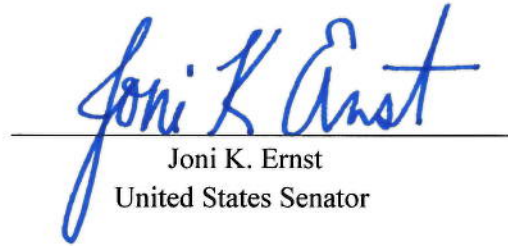
  
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United States Senator

  
Jerry Moran  
United States Senator

  
Bill Cassidy, M.D.  
United States Senator

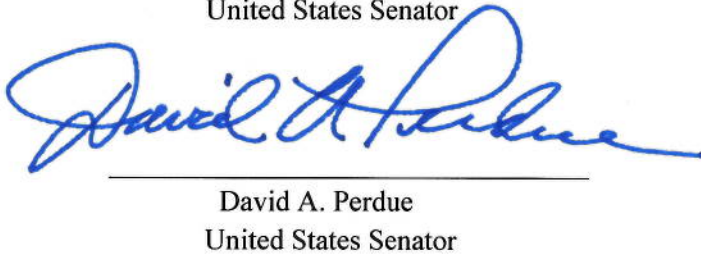
  
Tom Cotton  
United States Senator

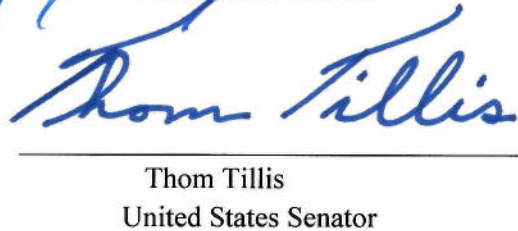
  
Steve Daines  
United States Senator

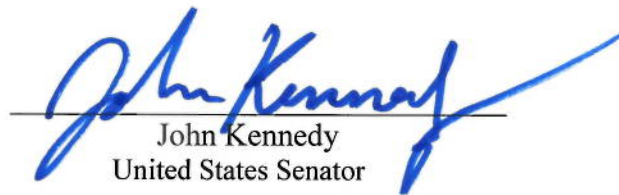
  
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