



Pharmacy DIR Fees and NCPA Advocacy Efforts

In the spring of 2019, the Trump administration failed to adopt a proposed rule containing a number of Part D policy changes, including critical reform of Part D pharmacy price concessions, also known as direct and indirect remuneration (or DIR fees). While the administration may have failed to act, fixing pharmacy DIR fees remains a top NCPA priority.

Under the current system, pharmacy benefit managers – the middlemen hired by plan sponsors to administer prescription drug benefits – often claw back fees from pharmacies well after a transaction. Those fees, called direct and indirect remuneration, are often unpredictable and seemingly unconnected to a pharmacy's performance related to adherence and other standards. The fees also disadvantage patients, who are assessed a higher cost-share against their Part D deductible rather than the retroactive, lower adjusted price. The result is to push patients more quickly into the so-called Part D donut hole, at which point the patient is responsible for a considerably larger portion of their prescription drug costs.

(/)

While the regulatory process is stalled, NCPA continues to work with leaders in the Senate and House on legislation to reform the system. The Senate Finance Committee is currently working on drug pricing legislation, which NCPA has been able to influence. Specifically, NCPA worked with Committee Chairman Charles Grassley (R-Iowa) and Ranking Member Ron Wyden (D-Ore.) to secure a requirement that all price concessions from pharmacies be accounted for in the "negotiated" price at the point of sale. The only price adjustments that could be made retroactively would be additional incentive payments made to the pharmacy by the plan/PBM. This would give pharmacy owners greater clarity about their reimbursement under Medicare Part D at the time a medication is dispensed. NCPA is also advocating for the adoption of standardized pharmacy specific quality measures that the pharmacy can truly influence.

For Part D beneficiaries, including any DIR fees at point of sale would lower the negotiated price of a medication, which will lower patients' out-of-pocket costs at the pharmacy counter for medicines purchased with a co-insurance component. That, in turn, would slow patients' progression toward the Part D donut hole, at which point the patient is responsible for a much higher percentage of prescription drug costs.

The Senate Finance package now presents the best opportunity this year to address pharmacy DIR fees.

However, we also are continuing to urge the administration to reconsider its decision and approve the rule, and a vast majority of the members of the Senate Finance

Committee has also weighed in

(<https://www.finance.senate.gov/imo/media/doc/09112019%20SFC%20to%20HHS%20and%20CMS.p> the administration urging reconsideration.



Fixing DIR has been our top priority

(<http://www.ncpa.co/pdf/dir-activity-timeline.pdf>)

for several years, and we are grateful

to our members and partners for their efforts to

influence policymakers NCPA will continue to push

for meaningful pharmacy DIR reform until it is

achieved and our members have relief.

Phair Pricing Act – S. 640 / H.R. 1034 One Pager

(<http://www.ncpa.co/pdf/hr-1034-S-640-one-pager.pdf>)

DIR INFOGRAPHIC 1: How Pharmacy DIR Fees Work
(<http://www.ncpa.co/pdf/advocacy/2017/how-dir-fees-work-infog.pdf>)

DIR INFOGRAPHIC 2: How Retroactive Pharmacy DIR Fees Hurt Medicare Patients & Taxpayers
(<http://www.ncpa.co/pdf/dir-fees-hurt.pdf>)

DIR Activity Timeline (<http://www.ncpa.co/pdf/dir-activity-timeline.pdf>)

Comment Letters

Senate Finance Committee Letter to Sec, Azar
(<https://www.finance.senate.gov/imo/media/doc/09112019%20SFC%20to%20HHS%20and%20CMS.p>)

Pharmacy Stakeholder letter to Senate Finance Committee (<http://www.ncpa.co/pdf/pharmacy-stakeholder-letter-to-senate-finance-071019-rev.pdf>)

Senate Letter to President Trump
(<http://www.ncpa.co/pdf/signed-cms-dir-letter-060719.pdf>)

House Letter to President Trump
(<http://www.ncpa.co/pdf/letter-admin-dir-rule.pdf>)

Grassroots Materials for Pharmacists:

Sample media materials
(<http://www.ncpa.co/pdf/fixdir-sample-social-media-letter-to-the-editor.doc>)

Phair Act Grassroots Message (</legislative-action-center>)

Please contact Michael Rule at mrule@ncpanet.org
(<mailto:mrule@ncpanet.org>) or at (703) 838-2671 with
any questions

(/)

(/)

[America's Pharmacist \(/news\)](#)

[NCPA Foundation](#)
(<http://www.ncpafoundation.org/>).

[Dispose My Meds](#)
(<http://www.disposemy meds.org/>).

[CPESN \(https://www.cpesn.com/\)](https://www.cpesn.com/)

[Privacy Policy \(/privacy-policy\)](#)

[Contact Us \(/contact\)](#)

[Careers \(/employment\)](#)

© 2020 National Community
Pharmacists Association

All Rights Reserved