

September 26, 2016

Dear Senators Capito, Tester, Boozman and Cotton:

As representatives and advocates of the pharmacy community we thank you for your leadership in introducing S. 3308, the Improving Transparency and Accuracy in Medicare Part D Spending Act. This legislation would rein in retroactive direct and indirect remuneration (DIR) fees imposed by pharmacy benefit managers (PBMs) in Medicare Part D.

Retroactive 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. Such lag time 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.

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 without raising costs in Medicare Part D while not interfering with the ability of PBMs to create incentive-based payment models that reward pharmacies for achieving contractual-based metrics.

Moreover, this legislation also benefits patients because DIR fees that are not accounted for upfront inflate drug costs at the pharmacy counter, and therefore beneficiary cost sharing. Beneficiaries reach the “coverage gap” sooner and face increased coinsurance. DIR fees not accounted for upfront also lead to inaccurate prices on Medicare Plan Finder.

For these reasons, we are proud to endorse S. 3308 and urge swift Congressional action. We again, thank you for your leadership in introducing this critically necessary legislation.

Sincerely,

Academy of Independent Pharmacy/Georgia Pharmacy Association

Alabama Pharmacy Association

Alaska Pharmacists Association

Alliance of Independent Pharmacies of Texas

American Pharmacists Association

American Pharmacy Cooperative, Inc.

American Pharmacy Services Corporation

American Associated Pharmacies  
AmerisourceBergen  
Arizona Pharmacy Association  
Arkansas Pharmacists Association  
Astrup Drug  
Bartell Drugs  
California Pharmacists Association  
CARE Pharmacies Cooperative Inc.  
Colorado Pharmacists Society  
Compliant Pharmacy Alliance Cooperative  
Connecticut Pharmacists Association  
Dakota Drug, Inc  
Discount Drug Mart  
Federation of Pharmacy Networks  
Florida Pharmacy Association  
Food Marketing Institute  
Fruth Pharmacy Inc.  
Georgia Pharmacy Association  
GeriMed, Inc.  
Hartig Drug Co., Inc.  
H. D. Smith  
Hi-School Pharmacy Services  
Hometown Pharmacies  
Illinois Pharmacists Association  
Independent Pharmacy Alliance  
Independent Pharmacy Buying Group Inc.  
Independent Pharmacy Cooperative  
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  
Louisiana Independent Pharmacies Association  
Louisiana Pharmacists Association  
Maryland Pharmacists Association  
Massachusetts Independent Pharmacists Association  
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 Community Pharmacists Association  
National Grocers Association  
Nebraska Pharmacists Association  
New Jersey Pharmacists Association  
New Mexico 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 State Pharmacy Association  
Osborn Drugs  
PACE Alliance  
PARC, an Association of Community Pharmacies  
PBA Health  
PCCA  
Pennsylvania Pharmacists Association  
Pharmacists Society of the State of New York  
Pharmacist Society of Wisconsin  
Pharmacists United for Truth and Transparency  
Pharmacy Franchisees and Owners Association  
PPOk  
PPSC  
QualityCare Pharmacies  
RDC  
Ritzman Pharmacy  
Rx Plus  
Smart-Fill  
South Carolina Pharmacy Association  
South Dakota Pharmacists Association  
Southern Pharmacy Cooperative  
Tennessee Pharmacists Association  
Texas Pharmacy Association  
Texas Pharmacy Business Council  
Texas TrueCare Pharmacies

Third Party Station

Utah Pharmacy Association

Value Drug Company

Virginia Pharmacists Association

Washington DC Pharmacy Association

Washington State Pharmacy Association

West Virginia Pharmacists Association

Western States Pharmacy Coalition