Medicare Part D Transparency

NACDS supports transparency between Medicare Part D plans and retail pharmacies in the use of direct and indirect remuneration (DIR) fees, post-adjudication fees, and quality and performance-based network fees by prescription drug plans in the Medicare program.

The Centers for Medicare and Medicaid Services (CMS) recently released a fact sheet on the use and impact of DIR fees by plan sponsors in the Medicare Part D program. The fact sheet reported that the use of DIR by Part D sponsors has been “growing significantly in recent years” and has led to an increase in beneficiary cost-sharing, an increase in subsidy payments made by Medicare, and an overall decrease in plan liability for total drug costs, despite the growth of Part D drug costs in recent years.

The increasing use of fees in the Part D program is also a growing problem for retail pharmacies. Retail pharmacies have to conduct business in an environment where they are unsure if a reimbursement they received is the “final reimbursement” or if a fee will be applied at some future point. This may lead some pharmacies to question their ability to continue to participate in certain Part D networks, which ultimately may endanger beneficiary access to prescription drugs.

The Social Security Act clearly gives CMS the authority to regulate the use of fees in the Medicare program. CMS should issue guidance clarifying the appropriate use, submission, and approximation of fees in the Medicare program, including in quality and performance-based payment structures. Such guidance should also clarify the components of DIR fees, such as direct product and service reimbursement, as well as quality and performance-based program reimbursement. DIR fees must be separately tracked and reported by plans to ensure their transparent use. In seeking guidance, NACDS is not asking CMS to regulate the types of fees plans can use, how or when plans can use fees, or the dollar amount for such fees. Rather, we are seeking guidance that would require clarity and consistency in how fees are used and applied.

We urge Congress to advise CMS on the importance of issuing guidance to improve transparency between plans and pharmacies in prescription drug reimbursement structures. Specifically, we urge Congress to advise CMS on the importance of issuing guidance to improve consistency in disclosures to pharmacies on how fees are defined, how they will be calculated, the timing for fee collection, how fees will be reported to pharmacies at the claim level detail (thus allowing reconciliation of reimbursement), and the parameters for pharmacies to “earn” back the fee post reconciliation. Increased transparency in the Medicare program will benefit CMS, participating pharmacies, and beneficiaries alike.

Please sign onto a Congressional letter urging CMS to issue much-needed guidance to improve reimbursements transparency in the Medicare Part D Program.