



## Medicare Part D “DIR” Reform

**Send or support a letter asking The Centers for Medicare & Medicaid Services (CMS) to use its’ authority to reform Pharmacy DIR in the final rule to lower beneficiary out-of-pockets costs and improve access and health outcomes.**

### Background

In November 2018, CMS issued a proposed rule, “Modernizing Part D and Medicare Advantage to Lower Prices and Reduce Out-of-Pocket Expenses” that would change the Part D program to lower beneficiary out-of-pocket costs by requiring that pharmacy price concessions are passed on to patients, including:

- Redefining “negotiated price” to include all pharmacy price concessions, which are called Direct and Indirect Remuneration (“DIR”) fees. Since beneficiary cost sharing is based on negotiated price, a lower negotiated price would lower beneficiary cost sharing;
- Developing a broad definition of “price concession” to include all forms of discounts, direct or indirect subsidies or rebates that serve to reduce costs incurred by Part D sponsors. Again, this would help ensure the lowest negotiated price and thus, lower beneficiary cost-sharing; and
- Developing standardized pharmacy performance metrics for 2020 as the first step toward the development of Medicare Part D pharmacy quality incentive program. Without a pharmacy quality incentive program, Part D plans lack incentives to offer the best pharmacy care to beneficiaries. Pharmacy incentive payments would support higher quality and health outcomes. Examples are medication optimization and improved medication adherence, which would improve patient outcomes and reduce downstream healthcare costs.

### Impact

CMS estimates that through these changes, **beneficiaries would save \$7.1 to \$9.2 billion over ten years through reduced cost-sharing**. Lower out-of-pockets costs for beneficiaries leads to greater adherence and better health outcomes for patients.

Per CMS, Part D plans’ use of DIR grew an extraordinary 45,000 percent between 2010 and 2017, contributing to Medicare beneficiaries paying more out-of-pocket, the federal government not fully understanding what it is paying for prescription drugs, and retail pharmacies conducting business in an environment where they are unsure whether a payment will be clawed back as “DIR”.

### Recommendation

Urge CMS to use its authority to include pharmacy DIR fee reform in the final rule. Failure to act on DIR reform at this time would risk beneficiary health through reduced access to prescription drugs and reduced medication adherence, which raises other healthcare costs.

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