

Congress of the United States
Washington, DC 20515

April 19, 2018

The Honorable Alex Azar
Secretary
United States Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Azar:

We, the undersigned members of the House of Representatives write to urge you to take action to lower prescription drug costs in the Medicare Part D program by reforming pharmacy direct and indirect remuneration (DIR) fees to reduce beneficiary cost-sharing.

In the Medicare Part D proposed rule it issued last fall, the Centers for Medicare & Medicaid Services (CMS) included a request for information (RFI) on potential proposals to require all pharmacy price concessions be included in the negotiated price – the price used to determine a beneficiary’s out-of-pocket costs at the point-of-sale. In the recently released final rule, CMS stated that it continues to review all input received from stakeholders and that any new requirements regarding the application of rebates at the point of sale would be proposed through notice and comment rulemaking in the future.

The unpredictable variability in the use of fees provides little visibility for the Medicare program, as well as for participating retail pharmacies, particularly for performance-based fees and the goals necessary to achieve specified targets to “earn back” fee amounts.

We believe restructuring pharmacy price concessions as detailed in the RFI could lower out-of-pocket costs for beneficiaries by lowering the negotiated price of a drug. The negotiated price of a drug is used to determine a beneficiary’s cost-sharing amount. Including all pharmacy price concessions in the negotiated price could also lead to greater transparency in the use of fees and make medicine more accessible, leading to greater adherence and better health outcomes.

In addition to the proposal contained in the RFI, CMS should be looking at other related policies that promote a quality-driven healthcare system. This includes a meaningful and consistent pharmacy-specific performance-based incentive program calculated separate and apart from the negotiated price. Such a program should be based on standardized, achievable and proven criteria that actually measure pharmacy performance. CMS should also explore placing a cap on performance-based fees on a per script basis, limiting the amount of performance fees that can be collected related to a specific drug to facilitate greater transparency and predictability.

We appreciate your thoughtful consideration of this request and remain hopeful you will take action to lower prescription drug costs in the Medicare Part D program with these reforms.

Sincerely,



Tom Marino
Member of Congress



Dave Loebsack
Member of Congress



David P. Roe, M.D.
Member of Congress



Collin Peterson
Member of Congress



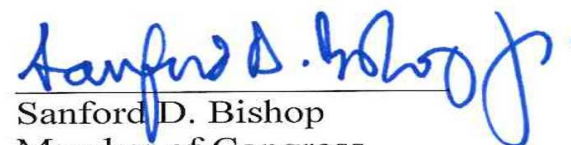
Steve King
Member of Congress



Rod Blum
Member of Congress



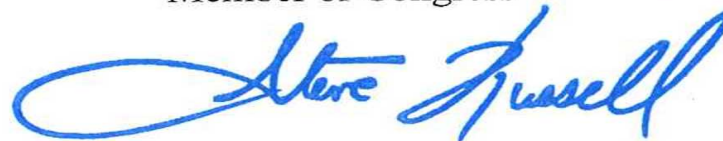
Dutch Ruppersberger
Member of Congress



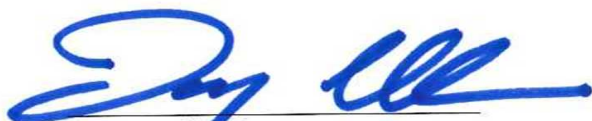
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Mike Gallagher

Mike Gallagher
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Mike Coffman

Mike Coffman
Member of Congress

Glenn "GT" Thompson

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Member of Congress



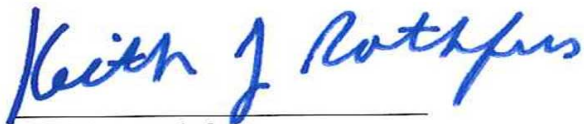
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