

NEWS RELEASE

For Immediate Release

New Report from the Centers for Medicare and Medicaid Services (CMS) Illustrates the Challenges Associated with Direct and Indirect Remuneration (DIR) Fees.

The report validates the position of many industry experts that these fees, levied by pharmacy benefit managers and Part D plan sponsors, are ineffective and harmful.

Washington, D.C. January 23, 2017 - Phoenix, AZ – The National Association of Specialty Pharmacies (NASP) has just announced its perspective on a recently-released [report about DIR from CMS](#), praising the report for its transparency in showcasing how these fees are growing while driving unintended consequences. The concept of “direct and indirect remuneration” or “DIR” was originally intended to help plan sponsors and the Medicare program share in the savings derived from drug rebates paid out by drug manufacturers to pharmacy benefits managers. However, the concept of DIR has been morphed by PBMs to include DIR fees, which have evolved into an overly-broad term for a variety of different fees extracted from pharmacies participating in Medicare Part D, including those which are performance-based. Many experts say that these fees are misleading, confusing and unfair, negatively impacting not only pharmacies, but ultimately the entire healthcare industry and patients themselves. It risks depriving patients of willing providers and providers of appropriate value for their services.

While passing no judgment on the propriety of DIR and DIR fees, the CMS report on DIR and DIR fees shows that there is a growing disparity between gross Part D drug costs at the point of sale and net Part D drug costs, which account for DIR and DIR fees. CMS also observed that the total of DIR revenue grew approximately 22 percent per year and that per member per month DIR revenue grew nearly 14 percent between 2010 and 2015. This data supports NASP’s position that DIR – including PBM-imposed DIR fees – are not being applied as originally intended and are having a significantly negative impact not just on pharmacy revenue, but the overall costs to beneficiaries and the Medicare program as a whole. As concluded by the CMS report, higher percentages of DIR ultimately shift financial liability from PBMs and Part D plan sponsors to beneficiaries and the Medicare program in the form of higher cost-sharing obligations and increased catastrophic care liability.

NASP has previously indicated its concerns regarding DIR fees, stating that the way these fees are being calculated is not aligned with the original CMS program or congressional intent. The organization is currently working with its members and industry stakeholders to develop recommendations for a more appropriate DIR fee structure and metrics related to Specialty Pharmacy. Performance metrics currently used to calculate DIR fees have no relevance to specialty pharmacies, essentially penalizing specialty pharmacies for performance not even part of their service models.

“NASP applauds CMS for being increasingly transparent about the occurrence of DIR fees and some of the unintended consequences that have arisen because of this financial model,” said [Rebecca](#)

[Shanahan](#), President of NASP. “We are excited to see that CMS is willing to analyze the widespread impact of a program that has put many healthcare organizations, and ultimately patients, in harm’s way.”

NASP has been actively engaged in educating lawmakers and CMS over the past 18 months about the threat these DIR fees in their current application pose to specialty pharmacy, Medicare beneficiaries and the Medicare Part D program, NASP is committed to working with its members, industry stakeholders and CMS to develop a comprehensive solution which includes a more appropriate DIR fee structure and metrics specific to specialty drug performance.

About NASP

NASP (www.naspnet.org) is the only national association for all stakeholders in the specialty pharmacy industry. The core mission of NASP is to provide continuing education programs to pharmacists and other healthcare professionals working in specialty pharmacy, a growing pharmacy discipline that dispenses and manages specialized medications for chronic, rare, and/or complex conditions. NASP members include specialty pharmacies, integrated health systems, pharmaceutical and biotechnology manufacturers, healthcare payers, GPOs, wholesale drug distributors, and technology and other vendors. To learn more, please visit: www.naspnet.org.

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