

Pharmacy Groups tell HHS that Any Action on Rebate Rule Must Involve Fixing Pharmacy DIR Fees

Current scheme of pharmacy DIR fees can't be sustained and patients will suffer, groups warn

ALEXANDRIA, Va. (July 29, 2020) – The country's leading pharmacy groups said that any action on a prescription drug rebate rule must address skyrocketing fees extracted by pharmacy benefit managers on behalf of plan sponsors in Medicare Part D.

"We remind the Administration of the continuous and heightened impact of pharmacy DIR fees imposed by Medicare Part D plan sponsors and their pharmacy benefit managers (PBMs) on our members. Pharmacy DIR fees are growing beyond CMS' projection of 10% year-over-year. This growth of pharmacy DIR fees is especially unsustainable during the current COVID-19 PHE when our members, representing every aspect of the pharmacy industry, care for patients, while also providing desperately needed access to COVID-19 tests and related services," [said the groups in a letter to HHS Secretary Alex Azar this week.](#)

The groups include: the National Community Pharmacists Association; the American Pharmacists Association; the National Association of Chain Drug Stores; the National Association of Specialty Pharmacy; FMI-The Food Industry Association; and the National Grocers Association.

"If pharmacy DIR fees are not addressed in a forthcoming rebate rule, the impact on our members and their ability to care for patients in such a system will prove detrimental. Our organizations have previously weighed in on the possible dire impact of the rebate rule on pharmacies, namely late payments, lack of transparency to pharmacy reimbursement or chargeback amounts at the point of sale, unclear regulatory oversight, and costs associated with implementing such system contemplated by the proposed rebate rule. Without pharmacy DIR fee reform, the impact of implementing a system to pass rebates onto patients at the pharmacy counter may prove disastrous for pharmacies," the groups explained.

Representatives of the groups spoke with HHS last week prior to the President's signing of several executive orders, including one that would address manufacturer rebates also collected by PBMs on behalf of plan sponsors. Manufacturer rebates and pharmacy DIR fees ostensibly lower the cost of providing prescription drug coverage, but because they're negotiated separately for thousands of drugs far outside the public view, they conceal the true cost of prescription medicine. And because the manufacturer rebates and pharmacy DIR fees flow to the PBMs and plan sponsors – and not patients – they significantly increase the cost of medicine that patients pay at the pharmacy counter.

"As the EO calls for the HHS Secretary to complete the rulemaking process already commenced, our organizations can only support such a systemic change if any final rule also directly addresses and fixes pharmacy DIR fees," the group warned. *"The system contemplated by the rebate rule cannot go into effect without, at a minimum, ensuring that retroactive pharmacy DIR fees are eliminated, therefore saving Medicare beneficiaries at least \$7.1 to \$9.2 billion in reduced cost sharing over 10 years."*

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