

United States Senate

WASHINGTON, DC 20510

October 14, 2021

Chiquita Brooks-LaSure
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Brooks-LaSure:

We write today to discuss our serious concerns about the impact direct and indirect remuneration (DIR) fees are having on the cost of drugs for Medicare Part D beneficiaries and pharmacy bottom lines. We urge you to work with Congress to require pharmacy price concessions, payments, and fees be included at the point-of-sale under Part D of the Medicare program. It is time we stand up for seniors and address this broken system that sees people paying far too much for prescription drugs.

The alarming trend of increasing seniors' out-of-pocket costs in the face of the current public healthcare crisis and the closing of pharmacies throughout the U.S. highlight the critical need for DIR reform to be implemented as soon as possible. In June, CMS reported to Congress that pharmacy DIR fees have risen by 91,500 percent from 2010 to 2019, and more than doubled from 2018-2020. These astounding DIR increases are contributing to higher senior out-of-pocket costs and to the permanent closure of 2,200 pharmacies nationwide between December 2017 and December 2020.

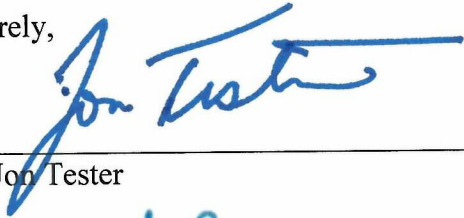
These trends are unacceptable and cannot continue. DIR reform is vital to achieving meaningful drug savings for seniors. It is also critically important for pharmacies that are playing an important role in health care in rural America. Pharmacists are often the sole health care provider in our rural and frontier communities. They are critical to providing not only access to life-saving prescription drugs but other services like chronic care management, wellness and prevention services, vaccines, certain testing, and disease education. Pharmacies are an integral pillar of health care in rural communities and throughout the United States and DIR fees are threatening access to the care they provide.

The Pharmacy DIR Reform to Reduce Senior Drug Costs Act (S.1909) reforms the direct and indirect remuneration (DIR) fee system and address these exponentially increasing fees. S.1909 is estimated to reduce seniors' Medicare Part D out-of-pocket costs by \$7.1-\$9.2 billion while also helping preserve access to pharmacies by providing them with needed predictability. This bill achieves these outcomes by requiring pharmacy-negotiated price concessions, payments, and fees to be included at the point-of-sale under Medicare Part D, requiring disclosure to

pharmacies of price concessions and incentive payments; and establishing pharmacy performance measures under Medicare Part D.

We also note that Congress already provided the Centers for Medicare and Medicaid Services with sufficient authority to make the necessary changes administratively. With multiple avenues available to fix this problem, it is imperative that we work together to reform DIR fees, reduce drug costs, and protect pharmacies.

Sincerely,



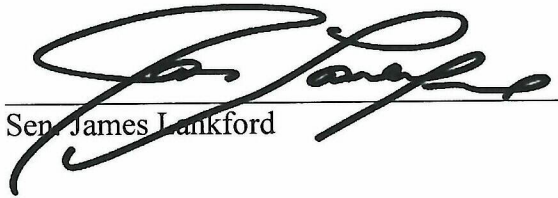
Sen. Jon Tester



Sen. Shelly Moore Capito



Sen. Sherrod Brown



Sen. James Lankford