

June 17, 2021

Dear Representatives Welch, Griffith, Gonzalez, Carter, Krishnamoorthi, Rose, Spanberger and Harshbarger:

On behalf of patients, pharmacies, health care organizations, and health care practitioners, we thank you for your leadership in introducing H.R. 3554, the Pharmacy DIR Reform to Reduce Senior Drug Costs Act. This legislation would support Medicare beneficiary access to needed prescriptions and medication adherence by reforming pharmacy direct and indirect remuneration (DIR) fees to reduce cost sharing for seniors and standardizing pharmacy performance measures under Medicare Part D.

Under Medicare Part D, pharmacy DIR fees are price concessions that are often clawed back from pharmacies by plans/pharmacy benefit managers (PBMs) a year or longer after a drug is dispensed to a beneficiary. A 2020 report by Drug Channels showed that pharmacy DIR fees grew from \$229 million in 2013 to an estimated \$9.1 billion in 2019.

The Centers for Medicare and Medicaid Services (CMS) documented an extraordinary 91,500 percent increase in DIR fees paid by pharmacies from 2010-2019. These fees, which lead to higher costs for beneficiaries at the pharmacy counter, impose ever-increasing challenges on struggling seniors, putting them at risk for reduced medication adherence and poorer health outcomes. These fees also make it harder for pharmacies to continue operating and providing seniors and special needs populations with the medications and services they desperately need. Many pharmacies have closed over the past few years and have cited DIR fees as a primary cause. These pharmacy closures reduce access to vital healthcare services; especially in rural and underserved areas where healthcare options are already limited.

CMS has attributed the growth of pharmacy DIR fees to the use of plan performance assessments of pharmacies, showing fees based on measures skyrocketed by 225% from 2012 to 2017. Pharmacies have long expressed concern that the pharmacy performance assessments used by plans and their PBMs are arbitrary, lack transparency, are often inappropriate based on the drugs the pharmacy dispenses and manages, and have no oversight.

Pharmacy DIR fee reform is urgently needed. CMS has stated that eliminating retroactive pharmacy DIR fees will save beneficiaries an estimated \$7.1-\$9.2 billion in reduced cost sharing. This common-sense, bipartisan legislation would reduce beneficiary cost-sharing on drugs and eliminate the plans/PBMs clawing back fees from pharmacies, providing increased price transparency for patients and pharmacies. Importantly, this legislation would establish a new pharmacy performance system based on standardized, evidence-based measures to reward and improve quality of care provided by pharmacies.

For these reasons, we are proud to support H.R. 3554 and urge swift Congressional action. We again thank you for your leadership in introducing this critically necessary legislation.

Sincerely,

AASC Pharmacy Services
Alabama Grocers Association
Alabama Pharmacy Association
Alaska Pharmacists Association
Albertsons Companies
Alliance for Pharmacy Compounding
AlliantRx
Allina Health
Amber Specialty Pharmacy
American Associated Pharmacies
American Pharmacies
American Pharmacists Association
American Pharmacy Cooperative, Inc.
American Pharmacy Services Corporation
American Society of Consultant Pharmacists
American Society of Health-System Pharmacists
AON Pharmacy
April Health
Ardon Health Specialty Pharmacy
Arete Pharmacy Network
Arizona Food Marketing Alliance
Arizona Pharmacy Association
Arkansas Pharmacists Association
Arthritis Foundation
Associated Food Stores
Association of Affiliated Pharmacies and Apothecaries
B&R Stores, Inc.
Balls Food Stores
Bashas' Supermarkets
Baystate Health
Bertram Pharmacy
Big Y Foods, Inc.
BioMatrix Specialty Pharmacy
Birch Run Drugs
Blue Sky Specialty Pharmacy
Brookshire Brothers, Inc.
Brookshire Grocery Company
California Pharmacists Association
CARE Pharmacies Cooperative, Inc.
Coalition of State Rheumatology Organizations
Coborn's Incorporated
Colorado Pharmacists Society
Community Oncology Alliance
Community Pharmacy Association of New York State
Compliant Pharmacy Alliance
Connecticut Food Association

Connecticut Pharmacists Association
Cub Foods/UNFI
Cure Stat Rx Home Infusion and Specialty Pharmacy
Currus, Inc.
Dakota Drug Co.
Delaware Association of Chain Drug Stores
Delaware Pharmacists Society
DeraMed Specialty Pharmacy
Discount Drug Mart
Drug World Pharmacies
Elevate Provider Network
EPIC Pharmacies, Inc.
Family Drug
Federation of Pharmacy Networks
Felker Foods
Florida Independent Pharmacy Association
Florida Pharmacy Association
FMI- The Food Industry Association
Food Industry Alliance of New York State
Food Lion, LLC
Fruth Pharmacy
Garden State Pharmacy Owners
Gentry Health Services, Inc.
Georgia Food Industry Association
Georgia Pharmacy Association
GeriMed
Giannotto's Specialty Pharmacy
Giant Eagle
Giant Food, LLC
Good Neighbor Pharmacy
Gregg's Market Place
GRX Holdings, LLC
Hannaford Bros., Co.
Harmon City, Inc.
Hartig Drug Company
Hawaii Pharmacists Association
Health System Owned Specialty Pharmacy Alliance (HOSP)
HealthMart
H-E-B
Hematology/Oncology Pharmacy Association (HOPA)
Hill Country Pharmacy
Hi-School Pharmacy Services, LLC
Hometown Pharmacies of Wisconsin
HomeTown Pharmacy, Inc.
Hy-Vee, Inc.
Idaho Retail Association

Idaho State Pharmacy Association
Illinois Pharmacists Association
Independent Pharmacy Alliance
Independent Pharmacy Buying Group
Independent Pharmacy Cooperative
Indiana Pharmacists Association
Ingles Markets, Inc.
ION Solutions
Iowa Pharmacy Association
Kansas Pharmacists Association
Kentucky Pharmacists Association
Keycentrix, LLC.
Keystone Pharmacy Purchasing Alliance
Kinney Drugs
Klein's Family Markets
Klingensmith's Drug Stores, Inc.
KM Supermarkets, Inc.
KPH Healthcare Services, Inc.
K-VA-T Food Stores (Food City)
Lewis Drug
Louisiana Alliance of Retail Pharmacies
Louisiana Independent Pharmacies Association
Louisiana Pharmacists Association
Louisiana Retailers Association
Louisiana Wholesale Drug Co.
Lowe's Market
Maine Pharmacy Association
Maplewood Pharmacy
Maryland Pharmacists Association
Massachusetts Food Association
Massachusetts Independent Pharmacists Association
Massachusetts Pharmacists Association
Maxor Specialty Pharmacy
McKesson Corporation
Medicap Pharmacy®
Medicine Shoppe
Meijer, Inc.
Michigan Pharmacists Association
Minnesota Grocers Association
Minnesota Pharmacists Association
Mississippi Independent Pharmacies Association
Mississippi Pharmacists Association
Missouri Pharmacy Association
Missouri Retailers Association
Montana Pharmacy Association
Morris & Dickson Co., LLC

Mutual Wholesale Drug
National Alliance of State Pharmacy Associations
National Association of Chain Drug Stores
National Association of Specialty Pharmacy
National Community Pharmacists Association
National Consumers League
National Federation of Independent Business (NFIB)
National Grange
National Grocers Association
ND Pharmacists Association
ND Pharmacy Service Corporation
Nebraska Grocery Industry Association
Nebraska Medicine
Nebraska Pharmacists Association
Nebraska Retail Federation
Nevada Pharmacy Alliance
New Hampshire Grocers Association
New Hampshire Pharmacists Association
New Jersey Pharmacists Association
New Mexico Pharmacists Association
New Mexico Pharmacy Business Council
Noble Health Services
North Carolina Association of Pharmacists
Northeast Pharmacy Service Corporation
NPS Pharmacy
Nucara Management Group, Inc.
Ohio Pharmacists Association
Oklahoma Pharmacists Association
Omega Pharmacy Group
Onco360 Oncology Pharmacy
Oncology Supply
Oregon State Pharmacy Association
Osborn Drugs
PARD, an Association of Community Pharmacies
Patient Services Incorporated
PBA Health
PCCA
Pennsylvania Food Merchants Association
Pennsylvania Pharmacists Association
PFSP Specialty Pharmacy
Pharmacists Society of the State of New York
Pharmacy First
Pharmacy Franchisees and Owners Association
Pharmacy Providers of Oklahoma
Pharmacy Society of Wisconsin
PPSC

Price Chopper/Market 32 Supermarkets
Publix Super Markets, Inc.
Qualitas Pharmacy Services
QualityCare Pharmacies
ReCept
Rhode Island Pharmacists Association
Rosauers Supermarkets, Inc.
RWJBarnabas Health
Saubels Markets Pharmacies
Sav-Mor Drug Stores
Senderra Rx Partners, LLC
Shop n' Save
ShopRite
Skips Pharmacy Of Michigan
Soleo Health
South Carolina Pharmacy Association
South Dakota Pharmacists Association
Southern Pharmacy Cooperative
SpartanNash
Star Discount Pharmacy, Inc.
Stop & Shop
Stormans Inc.
TDDC Pharmacy
Tennessee Pharmacists Association
Texas Pharmacy Association
Texas Pharmacy Business Council
Texas Retailers Association
The GIANT Company
The Kroger Company
Thompson Pharmacy
Thrifty White
Tops Markets, LLC
Total Care Rx
Trellis Rx
Turning Point Rx
UC San Diego Health
US Bioservices
Utah Food Industry Association
Utah Pharmacy Association
Utah Retail Merchants Association
Value Center Pharmacy I
Value Center Pharmacy II
Value Drug Company
Vermont Association of Chain Drug Stores
Vermont Pharmacists Association
Virginia Association of Chain Drug Stores

Virginia Pharmacists Association
Virginia Retail Federation
Vital Care Rx
Wakefern Food Corp.
Walgreens
Walmart
Walt Churchill's Market
Washington D.C. Pharmacy Association
Washington Food Industry Association
Washington State Pharmacy Association
Wegmans Food Markets
Weis Markets, Inc.
West Virginia Pharmacists Association
Westland Maple Drugs
Wisconsin Grocers Association
WSPC
Wyoming Pharmacy Association
Yoder's Country Market
Zitomer/Thriftway Drug Corp.