



July 28, 2020

The Honorable Alex M. Azar II  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave, SW Room 600E  
Washington, DC 20201

**Re: Pharmacy DIR Fee Reform Inclusion with Administration Executive Order**

Dear Secretary Azar:

Our organizations write to reiterate the urgent need to include a provision to address pharmacy direct and indirect remuneration (DIR) fees as you work to implement the Executive Order on Lowering Prices for Patients by Eliminating Kickbacks to Middlemen, more commonly discussed as the “rebate rule.”

Again, 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.

As the Administration continues to work towards the goal of reducing the costs of drugs for the consumer, we request you consider the current situation where pharmacies are under immense and unfair financial pressure and patients pay higher out-of-pocket costs for medications they need without benefiting from lower prices 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 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.

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.**

We look forward to working with you to ensure pharmacy DIR fees are addressed as you undertake the task of implementing the Executive Order on Lowering Prices for Patients by Eliminating Kickbacks to Middlemen. Please contact Karry LaViolette, NCPA SVP of Government Affairs at [karry.laviolette@ncpa.org](mailto:karry.laviolette@ncpa.org) if you have any questions.

Sincerely,

American Pharmacists Association  
FMI – The Food Industry Association  
National Association of Chain Drug Stores

National Association of Specialty Pharmacy  
National Community Pharmacists Association  
National Grocers Association