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Pharmacy United in Call for President Trump to Act on DIR Fee Reform

Bipartisan support is strong for a legislative fix to the loophole that inflates drug costs for patients and for Medicare, and that jeopardizes pharmacies

Washington, D.C. – Action by the Trump Administration, Congress or both is needed now to provide relief from pharmacy direct and indirect remuneration (DIR) fees that inflate drug costs paid by patients and the government, and that force pharmacies to fill Medicare prescriptions often below cost. That was the message delivered today in a [letter to President Donald Trump](#) from diverse organizations representing every type of pharmacy and pharmacist.

“We write to voice our disappointment that the final rule *Modernizing Part D and Medicare Advantage to Lower Drug Prices and Reduce Out-of-Pocket Expenses* did not address onerous [DIR] fees that have increased 45,000% since 2010, with no savings passed onto beneficiaries. This number will continue to grow if these practices are not reformed,” the pharmacy community wrote to President Trump.

The organizations that united to send the letter include: National Community Pharmacists Association; National Association of Chain Drug Stores; National Association of Specialty Pharmacy; American Pharmacists Association; Food Marketing Institute; and National Grocers Association.

The abuse of DIR fees is a result of a regulatory loophole. Payers claw back reimbursement paid to pharmacies for Medicare prescriptions, often more than half-a-year after the transaction. They allege that these fees are based on quality performance, yet these metrics lack transparency, vary widely, and often do not reflect areas under pharmacy’s control.

Currently, members of Congress are working on a bipartisan basis to craft and to marshal support for legislation that would accomplish reforms initially proposed, but not ultimately finalized, in the Medicare rulemaking process for 2020. These reforms include addressing the gaming of the system through DIR fees, and working toward pharmacy-specific metrics to enhance patient outcomes and appropriately evaluate pharmacy performance.

The pharmacy groups urged, **“We request your immediate help to address DIR reform this year in order to eliminate practices that drive up patient and government spending on drugs. We appreciate**

[Health and Human Services] Secretary Azar’s engagement with the pharmacy community on DIR reform, and understand that the Administration is willing to support a legislative solution to this critical issue. We stand ready to work with you and your administration to pursue additional opportunities, such as legislation, to move DIR reform forward.”

The pharmacy groups noted that **“[the Centers for Medicare and Medicaid Services] own estimate determined that beneficiaries would save \$7.1-9.2 billion over ten years in reduced costs at the pharmacy counter, even when factoring in a potential for slightly higher premiums.”**

They also emphasized the extensive support for DIR fee reform during the Medicare rule’s comment phase, as expressed formally by **“over 3,500 pharmacists, 155 pharmacy stakeholder organizations, more than two dozen patient advocacy organizations, 29 U.S. Senators, and 62 members of the U.S. House of Representatives.”** These entities and individuals – and more – are rallying behind bipartisan legislative action and the prospect of any further regulatory action that could be productive.

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Information about the participating organizations is available via their websites:

[National Community Pharmacists Association](#)

[National Association of Chain Drug Stores](#)

[National Association of Specialty Pharmacy](#)

[American Pharmacists Association](#)

[Food Marketing Institute](#)

[National Grocers Association](#)