

July 19, 2021

The Honorable Xavier Becerra  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave, SW  
Room 600E  
Washington, DC 20201

Dear Secretary Becerra:

On behalf of the National Community Pharmacists Association (NCPA), I appreciate the task assigned to you by President Biden in the “Executive Order on Promoting Competition in the American Economy” to find and report solutions within 45 days of signing to combat the excessive cost of prescription drugs, strengthen the supply chain, and reduce the cost to the Federal government. Every day, our members see the firsthand effects of increasing drug prices on our patients and share a desire to address this problem.

NCPA represents America’s community pharmacists, including the owners of more than 21,000 independent pharmacies—nearly half of which provide long-term care (LTC) services—who have a critical role in ensuring patients have immediate access to medications in both community and LTC settings. Together, our members represent a \$74 billion healthcare marketplace, provide employment to approximately 250,000 individuals, and provide an expanding set of vital healthcare services to millions of patients every day.

To assist in your task, I wish to inform you of the most important policy initiative to our membership - which we believe will address the concerns of the President and accomplish the goals of the Administration, as directed under the Executive Order:

- **Fix Pharmacy DIR Fees**: We urge the Administration to consider the finalization of CMS’ proposed rule on pharmacy price concessions (83 Fed. Reg. 62,152 (Nov. 30, 2018)), which would eliminate retroactive pharmacy DIR fees by amending the definition of “negotiated price” to include all pharmacy price concessions, fees, and payment to be included at the point of sale. This would require plan sponsors to reflect the lowest possible reimbursement that a network pharmacy could receive from a Part D sponsor for a covered Part D drug and develop a standard set of quality and performance metrics to provide pharmacies with more predictability. According to the fiscal year 2022 budget justification estimate sent to Congress by CMS,

pharmacy DIR fees increased by 91,500 percent between 2010 and 2019.<sup>1</sup> CMS' own estimate is the average growth of pharmacy price concessions will be approximately 10% per year going forward<sup>2</sup>. Failing to respond to this issue only leads to an untenable situation which threatens the existence of community pharmacy – particularly in rural and underserved areas of the country. In the published notice in the Federal Register, CMS estimated finalizing this proposal would save Medicare beneficiaries \$7.1 to \$9.2 billion in reduced cost sharing over 10 years, which translates into approximately \$200 per senior per year on average, even while accounting for a slight increase in premiums<sup>3</sup>. Pharmacy DIR fees increasingly result in higher out-of-pocket cost-sharing for Medicare Part D beneficiaries and including pharmacy DIR fee reform in HHS' report will lower costs at the pharmacy counter for patients.

We appreciate the opportunity to share with you our comments, as we share the same goal of reducing drug costs for patients. Additionally, we welcome the willingness of you and your staff to engage in dialogue with us on the issues facing community pharmacy. Should you or your office have any questions or need further information, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Douglas Hoey". The signature is fluid and cursive, with a large initial "B" and "H".

B. Douglas Hoey, Pharmacist, MBA  
Chief Executive Officer

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<sup>1</sup> <https://www.cms.gov/files/document/fy2022-cms-congressional-justification-estimates-appropriations-committees.pdf>, pg 242

<sup>2</sup> <https://www.govinfo.gov/content/pkg/FR-2018-11-30/pdf/2018-25945.pdf>

<sup>3</sup> <https://www.federalregister.gov/documents/2018/11/30/2018-25945/modernizing-part-d-and-medicare-advantage-to-lower-drug-prices-and-reduce-out-of-pocket-expenses>