

United States Senate

July 3, 2024

Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Administrator Brooks-LaSure:

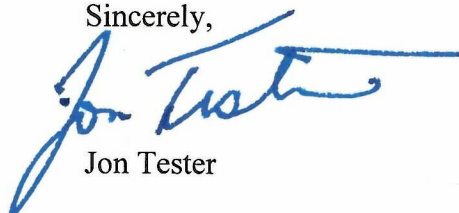
As the Center for Medicare and Medicaid Services (CMS) works to implement provisions of the *Inflation Reduction Act* (IRA) Medicare Drug Price Negotiation program, I ask that CMS ensure that plans and pharmacy benefit managers (PBMs) do not charge direct and indirect remuneration (DIR) fees to community pharmacies for negotiated drugs.

Across the U.S., more than 7,000 pharmacies have closed since 2019, and the majority of those pharmacies were independent drugstores. Over 300 independent pharmacies closed their doors in 2023 alone. These closures have hit rural America particularly hard, where a pharmacy closure can mean residents lose access to their only source for local access to vital medications and routine health care. The purpose of the Medicare Drug Price Negotiation was not to cut into the already small margins of community pharmacies. In fact, the IRA is clear that pharmacies are not to be reimbursed below the "maximum fair price" (MFP) for negotiated drugs.

The IRA created an exception to non-interference in the Part D clause in the *Social Security Act*. CMS should use this exception to put guardrails in place to make sure that pharmacies are not reimbursed below the maximum fair price for negotiated drugs. Specifically, I ask that CMS establish a price structure for the Medicare Drug Price Negotiation Program to ensure that pharmacy reimbursement is reasonable and covers acquisition cost, margin, and a commensurate professional dispensing fee. Additionally, please ensure that PBMs cannot assess pharmacy DIR fees on negotiated drugs.

Thank you for the opportunity to provide feedback. I stand ready to work with you on lowering drug costs for seniors in a way that also protects their ability to fill their prescriptions at their local pharmacy.

Sincerely,



Jon Tester