Medicare Drug Price Negotiation Program Talking Points (Nov. 2024)

Overview: CMS released the negotiated prices of the 10 drugs in the Medicare Drug Price Negotiation (MDPN) Program in Medicare Part D, effective CY 2026, that CMS has negotiated with manufacturers. These negotiated prices are referred to as maximum fair prices (MFPs). These include, for a 30-day supply: **Januvia** ($113.00); **Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill** ($119.00); **Farxiga** ($178.50); **Enbrel** ($2,355.00); **Jardiance** ($197.00); **Stelara** ($4,695.00); **Xarelto** ($197.00); **Eliquis** ($231.00); **Entresto** ($295.00); and **Imbruvica** ($9,319.00). For details from CMS, see here and here. CMS will announce the selection of up to 15 additional drugs covered by Part D for the second cycle of negotiations by February 1, 2025. Key highlights about the MDPN Program are below.

Pharmacy will have to float program, shoulder increasing burden: NCPA's analysis of 5,200 community pharmacies to determine the effect of the MDPN Program found that the average pharmacy will have to float over $27,000 every month waiting to be made whole for the MFP refunds from manufacturers. The impact on the cash flow on the roughly 20,000 independent pharmacies in the country will be a collective half a billion dollars every month. This huge number is only for year one of the MDPN Program and will grow larger and larger as more drugs are added each year, resulting in devastating, irreparable impact on pharmacies serving most vulnerable and at-risk patients, especially those serving long-term care facilities. NCPA continues to be vocal about our concerns, and has published a survey on the impact of the MDPN Program on our members. **Our survey indicated that over 90 percent of independent pharmacists may not sell drugs with prices negotiated under Medicare Part D, which would all but guarantee that CMS' attempt to reduce prescription drug prices will fail.**

Pharmacy not paid fairly by PBMs: In final guidance, CMS chose to not regulate PBM payment to pharmacies for drugs in the program – neither fair reimbursement nor dispensing fees. NCPA continues to advocate to CMS that for independent pharmacies to continue to serve our patients and dispense these drugs, **CMS must require Part D plans and PBMs to pay pharmacies NO LESS than the maximum fair price PLUS a commensurate dispensing fee when providing these drugs to patients, and CMS SHOULD MANDATE THAT PBMS CANNOT ASSESS DIR FEES ON THESE DRUGS.**

Manufacturer refund payments to pharmacy will be delayed: Under the program, manufacturers will need to make pharmacies whole with a MANUFACTURER REFUND by paying pharmacies the difference between wholesale acquisition cost (or another benchmark the manufacturer chooses) and the MFP. **As it stands now, pharmacies will likely be waiting OVER 30 DAYS for the manufacturer refund payments. THIS IS UNSUSTAINABLE WHEN PHARMACIES HAVE TO PAY THEIR WHOLESALERS TWICE EVERY MONTH.** [Note: pharmacies will still be purchasing these drugs at the same prices they do today from their wholesalers.]

Plans/PBMs have free reign: While the goal is to lower out of pocket costs for patients who use these drugs, Part D plans/PBMs ARE NOT REQUIRED to place these drugs on their lowest cost-sharing tiers. Part D plans and PBMs are just required to cover these drugs. Plan D sponsors/PBMs continue to have freedom to apply utilization management tools like prior authorization and step therapy.

BOTTOM LINE: INDEPENDENT PHARMACIES CANNOT AND SHOULD NOT, NOR WAS IT THE INTENT OF CONGRESS FOR PHARMACY TO PRE-FUND THE MDPN PROGRAM. WITHOUT CMS MAKING THE NECESSARY CHANGES OUTLINED ABOVE, INCLUDING CMS PRE-FUNDING THE PROGRAM, PHARMACIES WILL NOT BE ABLE TO AFFORD TO DISPENSE THESE DRUGS AND THE MDPN PROGRAM WILL FAIL. See NCPA's more detailed comments/analysis on the MDPN Program here, and our member summary of CMS' recent guidance on the program here.