

June 17, 2021

Dear Senators Tester, Capito, Brown, and Lankford:

On behalf of patients, pharmacies, health care organizations, and health care practitioners, we thank you for your leadership in introducing S. 1909, the Pharmacy DIR Reform to Reduce Senior Drug Costs Act. This legislation would support Medicare beneficiary access to needed prescriptions and medication adherence by reforming pharmacy direct and indirect remuneration (DIR) fees to reduce cost sharing for seniors and standardizing pharmacy performance measures under Medicare Part D.

Under Medicare Part D, pharmacy DIR fees are price concessions that are often clawed back from pharmacies by plans/pharmacy benefit managers (PBMs) a year or longer after a drug is dispensed to a beneficiary. A 2020 report by Drug Channels showed that pharmacy DIR fees grew from \$229 million in 2013 to an estimated \$9.1 billion in 2019.

The Centers for Medicare and Medicaid Services (CMS) documented an extraordinary 91,500 percent increase in DIR fees paid by pharmacies from 2010-2019. These fees, which lead to higher costs for beneficiaries at the pharmacy counter, impose ever-increasing challenges on struggling seniors, putting them at risk for reduced medication adherence and poorer health outcomes. These fees also make it harder for pharmacies to continue operating and providing seniors and special needs populations with the medications and services they desperately need. Many pharmacies have closed over the past few years and have cited DIR fees as a primary cause. These pharmacy closures reduce access to vital healthcare services; especially in rural and underserved areas where healthcare options are already limited.

CMS has attributed the growth of pharmacy DIR fees to the use of plan performance assessments of pharmacies, showing fees based on measures skyrocketed by 225% from 2012 to 2017. Pharmacies have long expressed concern that the pharmacy performance assessments used by plans and their PBMs are arbitrary, lack transparency, are often inappropriate based on the drugs the pharmacy dispenses and manages, and have no oversight.

Pharmacy DIR fee reform is urgently needed. CMS has stated that eliminating retroactive pharmacy DIR fees will save beneficiaries an estimated \$7.1-\$9.2 billion in reduced cost sharing. This common-sense, bipartisan legislation would reduce beneficiary cost-sharing on drugs and eliminate the plans/PBMs clawing back fees from pharmacies, providing increased price transparency for patients and pharmacies. Importantly, this legislation would establish a new pharmacy performance system based on standardized, evidence-based measures to reward and improve quality of care provided by pharmacies.

For these reasons, we are proud to support S. 1909 and urge swift Congressional action. We again thank you for your leadership in introducing this critically necessary legislation.

Sincerely,

AASC Pharmacy Services

Alabama Grocers Association  
Alabama Pharmacy Association  
Alaska Pharmacists Association  
Albertsons Companies  
Alliance for Pharmacy Compounding  
AlliantRx  
Allina Health  
Amber Specialty Pharmacy  
American Associated Pharmacies  
American Pharmacies  
American Pharmacists Association  
American Pharmacy Cooperative, Inc.  
American Pharmacy Services Corporation  
American Society of Consultant Pharmacists  
American Society of Health-System Pharmacists  
AON Pharmacy  
April Health  
Ardon Health Specialty Pharmacy  
Arete Pharmacy Network  
Arizona Food Marketing Alliance  
Arizona Pharmacy Association  
Arkansas Pharmacists Association  
Arthritis Foundation  
Associated Food Stores  
Association of Affiliated Pharmacies and Apothecaries  
B&R Stores, Inc.  
Balls Food Stores  
Bashas' Supermarkets  
Baystate Health  
Bertram Pharmacy  
Big Y Foods, Inc.  
BioMatrix Specialty Pharmacy  
Birch Run Drugs  
Blue Sky Specialty Pharmacy  
Brookshire Brothers, Inc.  
Brookshire Grocery Company  
California Pharmacists Association  
CARE Pharmacies Cooperative, Inc.  
Coalition of State Rheumatology Organizations  
Coborn's Incorporated  
Colorado Pharmacists Society  
Community Oncology Alliance  
Community Pharmacy Association of New York State  
Compliant Pharmacy Alliance  
Connecticut Food Association  
Connecticut Pharmacists Association

Cub Foods/UNFI  
Cure Stat Rx Home Infusion and Specialty Pharmacy  
Currus, Inc.  
Dakota Drug Co.  
Delaware Association of Chain Drug Stores  
Delaware Pharmacists Society  
DeraMed Specialty Pharmacy  
Discount Drug Mart  
Drug World Pharmacies  
Elevate Provider Network  
EPIC Pharmacies, Inc.  
Family Drug  
Federation of Pharmacy Networks  
Felker Foods  
Florida Independent Pharmacy Association  
Florida Pharmacy Association  
FMI- The Food Industry Association  
Food Industry Alliance of New York State  
Food Lion, LLC  
Fruth Pharmacy  
Garden State Pharmacy Owners  
Gentry Health Services, Inc.  
Georgia Food Industry Association  
Georgia Pharmacy Association  
GeriMed  
Giannotto's Specialty Pharmacy  
Giant Eagle  
Giant Food, LLC  
Good Neighbor Pharmacy  
Gregg's Market Place  
GRX Holdings, LLC  
Hannaford Bros., Co.  
Harmon City, Inc.  
Hartig Drug Company  
Hawaii Pharmacists Association  
Health System Owned Specialty Pharmacy Alliance (HOSP)  
HealthMart  
H-E-B  
Hematology/Oncology Pharmacy Association (HOPA)  
Hill Country Pharmacy  
Hi-School Pharmacy Services, LLC  
Hometown Pharmacies of Wisconsin  
HomeTown Pharmacy, Inc.  
Hy-Vee, Inc.  
Idaho Retail Association  
Idaho State Pharmacy Association

Illinois Pharmacists Association  
Independent Pharmacy Alliance  
Independent Pharmacy Buying Group  
Independent Pharmacy Cooperative  
Indiana Pharmacists Association  
Ingles Markets, Inc.  
ION Solutions  
Iowa Pharmacy Association  
Kansas Pharmacists Association  
Kentucky Pharmacists Association  
Keycentrix, LLC.  
Keystone Pharmacy Purchasing Alliance  
Kinney Drugs  
Klein's Family Markets  
Klingensmith's Drug Stores, Inc.  
KM Supermarkets, Inc.  
KPH Healthcare Services, Inc.  
K-VA-T Food Stores (Food City)  
Lewis Drug  
Louisiana Alliance of Retail Pharmacies  
Louisiana Independent Pharmacies Association  
Louisiana Pharmacists Association  
Louisiana Retailers Association  
Louisiana Wholesale Drug Co.  
Lowe's Market  
Maine Pharmacy Association  
Maplewood Pharmacy  
Maryland Pharmacists Association  
Massachusetts Food Association  
Massachusetts Independent Pharmacists Association  
Massachusetts Pharmacists Association  
Maxor Specialty Pharmacy  
McKesson Corporation  
Medicap Pharmacy®  
Medicine Shoppe  
Meijer, Inc.  
Michigan Pharmacists Association  
Minnesota Grocers Association  
Minnesota Pharmacists Association  
Mississippi Independent Pharmacies Association  
Mississippi Pharmacists Association  
Missouri Pharmacy Association  
Missouri Retailers Association  
Montana Pharmacy Association  
Morris & Dickson Co., LLC  
Mutual Wholesale Drug

National Alliance of State Pharmacy Associations  
National Association of Chain Drug Stores  
National Association of Specialty Pharmacy  
National Community Pharmacists Association  
National Consumers League  
National Federation of Independent Business (NFIB)  
National Grange  
National Grocers Association  
ND Pharmacists Association  
ND Pharmacy Service Corporation  
Nebraska Grocery Industry Association  
Nebraska Medicine  
Nebraska Pharmacists Association  
Nebraska Retail Federation  
Nevada Pharmacy Alliance  
New Hampshire Grocers Association  
New Hampshire Pharmacists Association  
New Jersey Pharmacists Association  
New Mexico Pharmacists Association  
New Mexico Pharmacy Business Council  
Noble Health Services  
North Carolina Association of Pharmacists  
Northeast Pharmacy Service Corporation  
NPS Pharmacy  
Nucara Management Group, Inc.  
Ohio Pharmacists Association  
Oklahoma Pharmacists Association  
Omega Pharmacy Group  
Onco360 Oncology Pharmacy  
Oncology Supply  
Oregon State Pharmacy Association  
Osborn Drugs  
PARD, an Association of Community Pharmacies  
Patient Services Incorporated  
PBA Health  
PCCA  
Pennsylvania Food Merchants Association  
Pennsylvania Pharmacists Association  
PFSP Specialty Pharmacy  
Pharmacists Society of the State of New York  
Pharmacy First  
Pharmacy Franchisees and Owners Association  
Pharmacy Providers of Oklahoma  
Pharmacy Society of Wisconsin  
PPSC  
Price Chopper/Market 32 Supermarkets

Publix Super Markets, Inc.  
Qualitas Pharmacy Services  
QualityCare Pharmacies  
ReCept  
Rhode Island Pharmacists Association  
Rosauers Supermarkets, Inc.  
RWJBarnabas Health  
Saubels Markets Pharmacies  
Sav-Mor Drug Stores  
Senderra Rx Partners, LLC  
Shop n' Save  
ShopRite  
Skips Pharmacy Of Michigan  
Soleo Health  
South Carolina Pharmacy Association  
South Dakota Pharmacists Association  
Southern Pharmacy Cooperative  
SpartanNash  
Star Discount Pharmacy, Inc.  
Stop & Shop  
Stormans Inc.  
TDDC Pharmacy  
Tennessee Pharmacists Association  
Texas Pharmacy Association  
Texas Pharmacy Business Council  
Texas Retailers Association  
The GIANT Company  
The Kroger Company  
Thompson Pharmacy  
Thrifty White  
Tops Markets, LLC  
Total Care Rx  
Trellis Rx  
Turning Point Rx  
UC San Diego Health  
US Bioservices  
Utah Food Industry Association  
Utah Pharmacy Association  
Utah Retail Merchants Association  
Value Center Pharmacy I  
Value Center Pharmacy II  
Value Drug Company  
Vermont Association of Chain Drug Stores  
Vermont Pharmacists Association  
Virginia Association of Chain Drug Stores  
Virginia Pharmacists Association

Virginia Retail Federation  
Vital Care Rx  
Wakefern Food Corp.  
Walgreens  
Walmart  
Walt Churchill's Market  
Washington D.C. Pharmacy Association  
Washington Food Industry Association  
Washington State Pharmacy Association  
Wegmans Food Markets  
Weis Markets, Inc.  
West Virginia Pharmacists Association  
Westland Maple Drugs  
Wisconsin Grocers Association  
WSPC  
Wyoming Pharmacy Association  
Yoder's Country Market  
Zitomer/Thriftway Drug Corp.