

Addressing DIR Fees: AmerisourceBergen and ION Solutions' Leadership Role

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Background: DIR Fees

- Mechanism regulated by the Centers for Medicare and Medicaid Services (CMS) which allows Medicare Part D plans to charge a per prescription fee to pharmacies
- Plans and Pharmacy Benefit Managers (PBMs) are increasingly expanding use of these fees as alternative means of extracting price concessions outside the time of adjudication
- DIR fees can take many forms: fees tied to specific performance metrics (e.g. generic dispensing rates); fees to be part of a preferred cost share pharmacy network; or to reconcile point-of-sale reimbursement with contracted rates
- Some DIR fees are not negotiable. Additionally, DIR fees are deducted post adjudication from each paid claim; they do not show on the adjudicated response
- When Part D plans do this, the price of the prescription can appear higher than the actuarial benefit, leaving patients with higher copays and cost sharing

ABC's Perspective on DIR Fees and Community Oncology

- ABC is committed to ensuring fair, accurate, and timely reimbursement for our community oncology customers
- Services provided by ION Solutions and through the Specialty Oncology Network are critical to ensure the appropriate administration and safety of complex medications for cancer patients. Unfortunately, these critical pharmacy services for Medicare patients can be compromised by DIR fees
- PBMs often charge percentage-based DIR fees, often retroactively, to dispensing oncology practices based on metrics designed for more traditional retail medications and are not applicable to the services, disease states, medications and patients that an oncology practice serves
- DIR fees directly affect patient care by driving up the cost of care to providers and Medicare beneficiaries, compromising the ability of oncology practices to provide quality care to the patients who need it the most
- **ABC has taken an aggressive leadership role in identifying potential legislative and regulatory solutions to address DIR fees**

Addressing DIR Fees: ABC's Leadership Role

Case Study: H.R. 5958 - *The Phair Pricing Act of 2018* (Rep. Collins R-GA)



Addressing DIR Fees: ABC's Leadership Role (Cont'd)

Case Study: H.R. 5958 - *The Phair Pricing Act of 2018* (Reps. Collins R-GA and Gonzalez D-TX)

After speaking at a 2017 ION conference, Rep. Doug Collins (R-GA) and his staff worked with ABC to develop and introduce H.R.5958, *The Phair Pricing Act of 2018*:

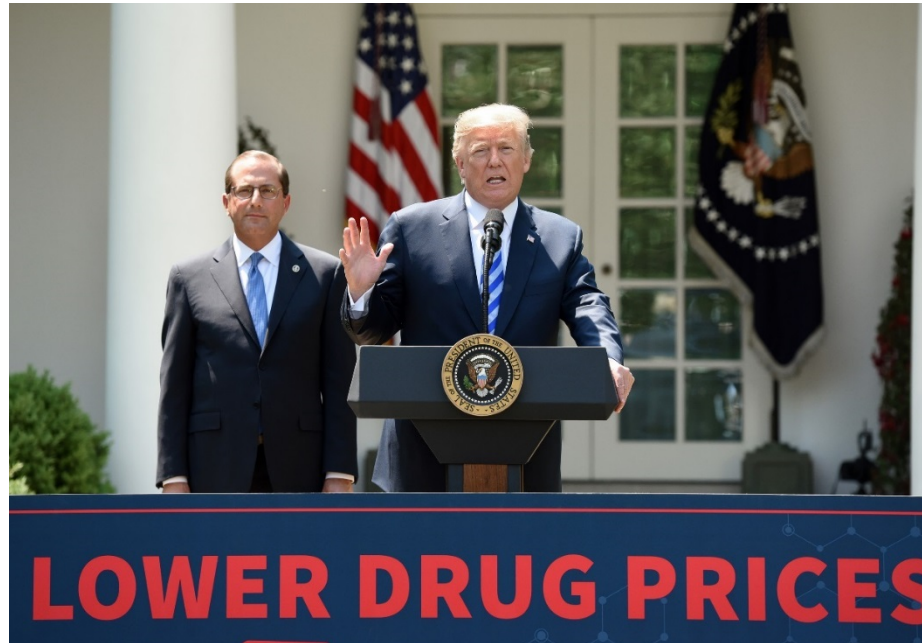
- The bipartisan bill would direct all price concessions, incentive payments, and price adjustments between a pharmacy and a PDP sponsor or PBM to be included at point of sale
- Also establishes a “working group” with CMS for pharmacists to establish and have control over quality measures
- Establishes a quality measures working group to define metrics
- *COA, GNP, ION, US Bioservices, NCPA, NASP Support*

Addressing DIR Fees: ABC's Leadership Role (Cont'd)

Additional Legislation Intended to Address DIR fees

- **H.R. 1038/S. 413 - *The Improving Transparency and Accuracy in Medicare Part D Drug Spending Act (GNP supports)***
 - **House: Reps. Morgan Griffith (R-VA) and Welch (D-VT) – __ cosponsors**
 - **Senate: Sens. Capito (R-WV) and Tester (D-MT) – __ cosponsors**
 - Would prohibit retroactive DIR fees on clean pharmacy claims under Medicare Part D
 - Increases Medicare transparency
 - According to independent study conducted by the Wakely Group (*study commissioned by NCPA*), H.R. 1038/S. 413 would save federal government \$3.4B/10 years
- **S. 637 - *Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act of 2017***
 - **Introduced by Senators Wyden (D-OR), Brown (D-OH) & Heitkamp (D-ND) – 3 cosponsors**
 - Make PBM rebates, discounts, and price concessions publicly available
 - Require drug discounts to be passed through to plan sponsor
 - Provide Medicare Part D negotiated prices at point of sale

Trump Administration Also Addressing DIR Fees



May 11th Trump Drug Pricing Announcement

ABC Supports the Administration's commitment to fair, timely reimbursement:

- ABC's pharmacy and physician customers, especially community-based, strongly applaud these efforts
- ABC's customers need reimbursement clarity and certainty to ensure patient access to care
- Retroactive, arbitrary reimbursement cuts threaten practice/pharmacy viability

Trump Administration Also Addressing DIR Fees (Cont'd)



"Are these DIR fees essentially taxes imposed differentially and unpredictably on those independent pharmacies in a way that puts them at a competitive disadvantage from the owned ones? I think this is an important issue worthy of study because as you said there should be a level playing field and there should be good competition so I'm going to ask the IG at HHS to look into this issue."

HHS Sec. Alex Azar during testimony before the Senate Appropriations HHS subcommittee, referring to PBM-owned pharmacies. Azar said he plans to ask the department's inspector general to investigate price concessions that PBMs retroactively charge pharmacies.

ABC Actively Participates in Numerous Coalitions Fighting DIR Fees





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reach and partnership
shape healthcare delivery.