National LTC Pharmacy Advocacy Group Disappointed CMS Failed to Eliminate DIR Fees

SCPC Reiterates Need to Protect LTC Pharmacy, Seniors from Unintended Consequences of Drug Pricing Reforms.

Washington, DC, May 21, 2019 --(PR.com)-- In making its initial comment on the Centers for Medicare and Medicaid Services' (CMS) Medicare and Advantage and Part D Drug Pricing Final Rule, the Senior Care Pharmacy Coalition (SCPC) expressed disappointment CMS failed to eliminate Direct and Indirect Remuneration (DIR) fees altogether.

The national long-term care (LTC) pharmacy advocacy group, however, expressed satisfaction that CMS did not implement its proposed DIR pass-through proposal -- which SCPC concluded would not benefit LTC pharmacies or its senior patients. SCPC notes that inaction on this front leaves Medicare Part D prescription drug plans (PDPs) and pharmacy benefit managers (PBMs) free to sustain their exorbitant fee-charging status quo.

“SCPC is disappointed CMS failed to eliminate DIR fees altogether -- which have the negative effect of undermining seniors in LTC facilities and settings, and the LTC pharmacy personnel who provide for their care and clinical oversight,” said Alan G. Rosenbloom, President and CEO of SCPC. “While satisfied CMS did not finalize a key proposal to which SCPC objected, the agency's complete inaction on DIR fees effectively allows PDPs and PBMs to continue charging exploitative fees -- an undesirable outcome we will continue to address through our advocacy efforts.”

CMS proposed redefining “negotiated price” under Part D such that PDPs and PBMs would have been required to pass DIR fees on to beneficiaries at point-of-sale. Unlike others in the broader pharmacy sector, SCPC opposed the proposal, arguing it was not in the interests of LTC pharmacy and its senior patients -- urging instead that CMS eliminate DIR fees entirely.

SCPC also argued that, while quality-based payment adjustments should be allowed, PDPs/PBMs should be required to develop and use consistent, LTC-specific metrics that do not benefit pharmacies owned by/affiliated with PDPs, PBMs or their corporate parents.

Rosenbloom said that as Congress and the Trump Administration advance sweeping prescription drug price reforms, “it is essential to recognize independent LTC pharmacies - and seniors in skilled nursing and assisted living facilities under their care and clinical guidance - have as much at stake from the unintended consequences of reforms as they do from the actual policy details themselves.”

Reforms designed to rein in practices by PDPs/PBMs that drive skyrocketing consumer drug costs could, without a watchful eye, simply shift new, reform-generated PBM/PDP expenses to pharmacies, particularly LTC pharmacies. The net losers? Seniors living in SNFs/ALFs - who take an average 11-13 prescription drugs a day - and the pharmacies that manage their medication regimes and protect against adverse drug reactions that can result in costly rehospitalizations, adverse clinical outcomes and even
death.

In addition to sustaining efforts to Eliminate DIR Fees altogether, SCPC will continue to push for additional policy recommendations to minimize the possibility of unwarranted PBM/PDP cost-shifting, including:

Impose Conditions on PDP/PBM “Quality Payment” Adjustments. PDPs/PBMs increasingly invoke “quality improvement” to justify DIR and other fees to LTC pharmacies. While adjusting payments to drive quality makes sense, the current approach allows insurers to unilaterally select “performance metrics” unrelated to quality - or designed to benefit affiliated corporate pharmacies at the expense of independent pharmacies. SCPC argues this practice fails patients.

Assure PDP/PBM Fees are Legitimate. If PDPs/PBMs charge independent LTC pharmacies fees in addition to payment adjustments for quality, any fees charged to pharmacies should be for bona fide services and should be set at fair market value.

Eliminate Spread Pricing in Medicare and Medicaid. PDPs/PBMs should not gouge taxpayers by paying pharmacies far less than they receive from Medicare and Medicaid and should not unfairly discriminate against independent LTC pharmacies to benefit their own affiliated pharmacies.

Assure Pharmacies are Protected. Pharmacies do not drive higher drug prices or higher beneficiary costs, so they should not bear the cost of policy solutions.

The Senior Care Pharmacy Coalition (SCPC) is the only national organization exclusively representing the interests of LTC pharmacies. Its members operate in all 50 states and serve 825,000 patients daily in skilled nursing and assisted living facilities across the country. Visit seniorcarepharmacies.org to learn more.
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