

Chairman Pallone, Ranking Member Walden, and
Members of the Committee,

Thank you for allowing me to testify before you about the importance of including direct and indirect remuneration, or DIR fee reform, in your discussion on how to best lower prescription drug prices.

These price concessions are imposed on community pharmacies serving Medicare Part D patients by plan sponsors and their Pharmacy Benefit Managers, or PBMs.

Rather than including these concessions at the point of sale, these retroactive fees are taken back from pharmacies months after the sale has taken place, exploiting patients, the government, and community pharmacies.

These unpredictable fees increase patient cost sharing for drugs, pushing them into the coverage gap, better known as the donut hole, and accelerating their approach to the catastrophic phase – increasing Medicare spending at the expense of taxpayers.

These fees are costing taxpayer, patients, and small businesses money and are, most importantly, not contributing to improved patient outcomes.

I think we can all agree that without prices that make these lifesaving drugs accessible, innovation for the sake of innovation is not why we were sent to Congress. I am thankful for this committee's promise to lowering prescription drug prices.

I commend you all for your bipartisan consideration, and passage of H.R. 2296, the "More Efficient Tools to Realize Information for Consumers Act," or the "METRIC Act," which requires for price concessions, including DIR fees to be reported to the Secretary of HHS along with other pricing documentation.

Given your consideration of H.R. 2296, I ask that the Committee consider H.R. 1034, the PHAIR Pricing Act of 2019, introduced by myself and Congressman Doug Collins of Georgia.

Mr. Collins and I have worked with Mr. Welch, Mr. Carter, and Mr. Griffith to ensure that DIR fee reform is included in efforts to lower the cost of prescription drugs.

The Phair Pricing Act seeks to reduce prescription drug costs for seniors by bring all negotiated price concessions to the point of sale – ensuring savings are passed on to patients and that our community pharmacists are not taken

advantage of through Direct and Indirect Remuneration (DIR) Fees.

The Phair Pricing Act also defines standard quality measures and sets criteria by which they are developed applied to pharmacies.

Addressing these fees would not only refocus an important part of our drug supply chain to improve patient health, but combat the financial uncertainty these small businesses face, enabling them to continue serving Medicare beneficiaries.

I look forward to working with this committee, the Centers for Medicare & Medicaid Services, our Senate colleagues, and the President to address these fees that are hurting our senior citizens, small businesses, and our taxpayers.

Again, I thank you all for your leadership in lowering the cost of prescription drugs and ensuring that future policies address the role PBMs play in increasing costs.

Thank you for this time.