

**National Community Pharmacists Association  
Statement for the Record  
U.S. House Committee on Energy and Commerce, Subcommittee on Health  
“Making Prescription Drugs More Affordable:  
Legislation to Negotiate a Better Deal for Americans”  
September 25, 2019**

Dear Chairwoman Eshoo, Ranking Member Burgess, and Members of the Subcommittee:

The National Community Pharmacists Association (“NCPA”) appreciates the opportunity to submit this statement for the record on the Committee on Energy and Commerce, Subcommittee on Health’s hearing titled, “Making Prescription Drugs More Affordable: Legislation to Negotiate a Better Deal for Americans,” held on September 25, 2019. NCPA represents America’s community pharmacists, including 22,000 independent community pharmacies. Almost half of all community pharmacies provide long-term care services and play a critical role in ensuring patients have immediate access to medications in both community and long-term care settings.<sup>1</sup> Together, our members represent a \$76 billion healthcare marketplace, employ 250,000 individuals, and provide pharmacy services to millions of patients every day. Our members are small business owners who are among America’s most accessible healthcare providers. NCPA submits this statement on behalf of both community and long-term care independent pharmacies.

NCPA supports the spirit of this hearing, which is to address the issue of rising drug prices and offer meaningful solutions for patients’ pocketbooks. To this end, NCPA continues to endorse a number of common sense policies that Congress should adopt to address the increasing costs for healthcare’s most vulnerable patients. NCPA submits this statement to address those policies in the hopes that community and long-term care independent pharmacists can add meaningful solutions for patients’ pocketbooks.

First, NCPA supports ending post point-of-sale price concessions (also known as “pharmacy DIR fees”) for the plan year beginning on January 1, 2020. NCPA supports this policy throughout all phases of the Part D Benefit. Part D plan sponsors and pharmacy benefit managers (PBMs) extract nearly all pharmacy DIR fees from pharmacies on a retroactive basis. The retroactive nature of these pharmacy DIR fees breeds uncertainty with reimbursement and makes it difficult for independent community pharmacists to operate their small businesses. The fees impact more than just small business pharmacies and have been linked to an increase in patients’ coinsurance and drug spend at the pharmacy counter, pushing patients into the catastrophic phase at a faster rate.

Second, NCPA supports the creation of standard pharmacy quality measures for the plan year beginning on January 1, 2020. Currently, pharmacy DIR fees come in all sorts of shapes and sizes

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<sup>1</sup> NCPA 2018 Digest by Cardinal Health (2018).

and often include onerous “quality” based retroactive fees that are unfairly and inconsistently applied to pharmacies that have little to no control of such measures.

Therefore, to address our members’ first and second priorities, NCPA supports H.R. 1034, *The Phair Pricing Act*, sponsored by Representatives Doug Collins (R-Ga.) and Vicente Gonzales (D-Texas), which addresses the retroactive nature of these fees and ensures pharmacy quality is measured consistently and appropriately. This bipartisan bill would direct all pharmacy DIR fees, excluding positive incentive payments, between a pharmacy and a Part D plan sponsor or PBM to be included at the point of sale in order to decrease patients’ medication costs and provide reimbursement clarity for small businesses. The bill also requires PBMs and plans to provide pharmacies with claims level data. Finally, the legislation would direct the Secretary of Health and Human Services (HHS) to establish or approve quality measures that apply to pharmacy operations and requires all Part D sponsors to utilize the HHS-established quality measures that are standardized and pharmacy specific. Currently, Part D plan sponsors and PBMs can arbitrarily impose quality measures on pharmacies, often to maximize their own financial gain and with no apparent benefit to patient care.

NCPA also supports H.R. 803, *Improving Transparency and Accuracy in Medicare Part D Drug Spending Act*, sponsored by Representatives Peter Welch (D-Vt.) and Morgan Griffith (R-Va.), which would prohibit Medicare Part D plan sponsors/PBMs from retroactively reducing payment on clean claims submitted by pharmacies.

Third, NCPA supports ensuring reasonable reimbursement and oversight of the negotiated price for the plan year starting on January 1, 2020. NCPA argues that Part D sponsors must offer product-specific reimbursement rates to network pharmacies that at a minimum cover the pharmacy’s costs of purchasing and dispensing covered items and providing covered services as specified by the Secretary. In addition, NCPA requests that Congress require that contracts between the Part D plan sponsor and CMS must contain provisions wherein the Part D plan sponsors are held accountable for any violation of any requirements associated with negotiated prices or product-specific reimbursement rates.

Finally, NCPA supports the reporting of claims level data to pharmacies for the plan year beginning on January 1, 2020. NCPA argues that Congress should require plans/PBMs to include suitable claim-level detail on the electronic remittance advices that accompany payments. The claim-level detail should include all fields needed to properly identify the claim, including the Claim Authorization Number, payment amounts including the Network ID used to price the claim, the specific dollar amounts and the appropriate qualifier codes for each payment adjustment, including any fees or incentive payments. Each of these policies will bring increased transparency to the Medicare Part D program and patient savings.

## **Conclusion**

NCPA is committed to working with this Committee in its efforts to reduce health care costs. We look forward to additional collaborative efforts between community pharmacies and other health care providers to improve the quality of care for all patients while reducing health care costs.