



June 7, 2019

The Honorable Chuck Grassley
Chairman
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Wyden,

On behalf of *Good Neighbor Pharmacy* and at the request of our member independent pharmacies and the patients we serve, I am writing today to urge you to include the Phair Pricing Act (S.640), introduced by Sen. John Kennedy (R-LA), in the Senate Finance Committee's drug pricing package.

Good Neighbor Pharmacy (GNP) is a network of independent community pharmacies offered through AmerisourceBergen. We unite strong independent pharmacies under the *Good Neighbor Pharmacy* brand to leverage our expertise and insights to enhance patient care in local communities. Our network of independent pharmacies, including the 59 pharmacies we serve in Iowa and 20 pharmacies in Oregon, relies on *Good Neighbor Pharmacy* for solutions and guidance to enhance and expand independent pharmacy's care for patients so they can maintain their status as accessible and affordable healthcare destinations in their local communities. For more than 30 years, GNP has been committed to the future of independent community pharmacy by providing tools and support to ensure their long-term viability to best serve patients across the country.

The Phair Pricing Act will make critical reforms in the use of pharmacy direct and indirect remuneration (DIR) fees, also known as pharmacy price concessions, in the Medicare Part D program. Pharmacy DIR fees are utilized by Medicare Part D plans and their pharmacy benefit managers (PBMs) as a way to claw back reimbursement from pharmacies for the prescription medications already filled for Medicare beneficiaries. These fees are often applied several months after the claim has been paid and the patient has received their medication. In a proposed rule last fall, the Centers for Medicare and Medicaid Services (CMS) detailed how the



use of DIR fees has grown 45,000 percent since 2010. The use of DIR fees has tripled since just last year in some cases.

The use of DIR fees contributes to higher out of pocket costs for America's seniors participating in the Medicare program. In the same proposed rule, CMS projected that reforming the use of pharmacy DIR fees would save Medicare beneficiaries \$7.1 to \$9.2 billion in reduced drug costs. The pharmacy community is greatly disappointed that CMS did not include these vital reforms to help lower out of pocket costs for seniors in the recently released final Medicare Part D drug pricing rule.

To create transparency and to help lower out of pocket costs for seniors, the increasing use of pharmacy DIR fees cannot continue. Pharmacies are being forced out of business every day because of the documented increased use of these fees. Enacting the PHAIR Pricing Act's pharmacy DIR reforms is a necessary step toward creating transparency, reducing prescription drug costs for Medicare patients, and ensuring continued access to community pharmacy care for Medicare beneficiaries.

Along with reforming pharmacy DIR fees, Medicare needs a standard set of pharmacy quality metrics and a pharmacy-specific, incentive-based quality program that can be used to help improve patient outcomes and healthcare quality. Such a program will maximize the impact of pharmacy DIR reforms and will help improve beneficiary health. The Phair Pricing Act will require the development of standardized pharmacy quality metrics and moves the Medicare program in the right direction toward better quality and overall improved beneficiary health.

Good Neighbor Pharmacy encourages immediate action on pharmacy DIR reform and the inclusion of the Phair Pricing Act in the Senate Finance Committee's drug pricing package. The reforms contained in the Phair Pricing Act will save patients billions of dollars and alleviate the pressures faced by pharmacies.

Thank you for your leadership in the Senate and for representing the pharmacies and patients we serve in Iowa and Oregon. We strongly encourage you to include the Phair Pricing Act in the Senate Finance Committee's drug pricing package. If we can ever be a resource for you or your talented staff, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Nightengale'.

Brian Nightengale
Senior Vice President, Community & Specialty Pharmacy &
President - Good Neighbor Pharmacy
AmerisourceBergen