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July 25, 2019

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Pharmacy Urges Decisive Action to Close DIR Fee Loophole, Appreciates Senate Finance Committee's Initial Bipartisan Movement on Issue

"DIR relief means closing the loophole that is over-charging seniors and Medicare and making it unsustainable for pharmacies. DIR relief is essential for any drug-pricing legislation"

Washington, D.C. – With the Senate Finance Committee holding a legislative markup today of the *Prescription Drug Pricing Reduction Act (PDPRA) of 2019*, eight associations noted initial bipartisan movement on direct and indirect remuneration (DIR) fee reform, but reiterated the need for swift and decisive action on this issue.

Issuing a joint statement were: National Community Pharmacists Association; National Association of Chain Drug Stores; National Association of Specialty Pharmacy; American Pharmacists Association; Food Marketing Institute; National Grocers Association; National Alliance of State Pharmacy Associations; and American Society of Consultant Pharmacists.

The organizations said: **"The simple description of this problem is that payers and pharmacy benefit managers (PBMs) are gaming a Medicare regulation loophole, inflating patients' prescription-drug costs and forcing more pharmacies to close due to the egregious fees they impose and collect for their own profit.**

“A fix for this devastating problem must include at least two crucial steps: changing the definition of ‘negotiated price’ and establishing standardized pharmacy quality metrics that are transparent, consistent, and under a pharmacy’s control. While the current Senate Finance Committee package seeks to establish quality metrics, an appropriate definition of ‘negotiated price’ is also critical because in the current model even ‘high performing’ pharmacies are being punished by retroactive pharmacy DIR fees.

“We appreciate the comments of Senate Finance Committee Chairman Chuck Grassley (R-IA), Ranking Member Ron Wyden (D-OR), and other Senators on a bipartisan basis regarding the need to address DIR relief.

“As the *Prescription Drug Pricing Reduction Act* and other legislation advance, it is critical to recall that DIR relief means closing the loophole that is over-charging seniors and Medicare and making it unsustainable for pharmacies. DIR relief is essential for any drug-pricing legislation.”

The Centers for Medicare & Medicaid Services (CMS) found that DIR fees have exploded by 45,000 percent between 2010 and 2017. CMS also estimates that DIR fee reform would save beneficiaries \$7.1 billion to \$9.2 billion over ten years at the pharmacy counter, even when factoring in the debatable potential for slightly higher premiums.

Last month, the pharmacy organizations commended the approximately one-quarter of the [U.S. Senate](#) and [U.S. House of Representatives](#) who wrote to President Trump on a bipartisan basis, urging action on DIR fee relief to lower patients’ out-of-pocket drug costs.

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Information about the participating organizations is available via their websites:

[National Community Pharmacists Association](#)

[National Association of Chain Drug Stores](#)

[National Association of Specialty Pharmacy](#)

[American Pharmacists Association](#)

[Food Marketing Institute](#)

[National Grocers Association](#)

[National Alliance of State Pharmacy Associations](#)

[American Society of Consultant Pharmacists](#)