June XX, 2021

The Honorable [FIRST NAME] [LAST NAME]

[OFFICE NUMBER] [Cannon/Longworth/Rayburn] House Office Building

Washington, DC 20515

Dear Representative [LAST NAME]:

Founded in [INSERT COMPANY BACKGROUND]. Our company currently owns XX stores located in [INSERT NUMBER] cities across [INSERT STATE] and employs more than [INSERT NUMBER] people. [INSERT COMPANY NAME] also owns and operates XX pharmacies in our stores. In many of the towns and communities we serve, our pharmacies are one of the few options available for Medicare Part D beneficiaries to fill their prescriptions.

I write to you today to illustrate the impact that pharmacy direct and indirect remuneration (DIR) fees have had on our ability to conduct business and serve our communities. These fees, which pharmacy benefit managers (PBMs) misuse to strategically recoup funds from pharmacies long after transactions have been completed, are unpredictable and seemingly unconnected to a pharmacy’s performance and other standards. Under the current system, PBMs often claw back fees from pharmacies retroactively, weeks or even months after prescriptions are filled. In 2020 alone, our pharmacies paid $[INSERT NUMBER] in DIR and we are on pace to top $[INSERT NUMBER] in DIR fees for 2021.

According to recent data from the federal government, **pharmacy DIR fees have grown by more than 91,500 percent between 2010 and 2019.[[1]](#footnote-1)** Independent supermarket pharmacies like ours have virtually no ability to absorb these unexpected costs, therefore, we may soon be forced to discontinue offering pharmacy services altogether at certain locations.

Importantly, DIR fees also disadvantage patients, who are assessed a higher cost-share against their deductible rather than the retroactive, lower adjusted price. As mentioned in the 2018 proposed rule, “When pharmacy price concessions are not reflected in the price of a drug at the point of sale, [patients] do not benefit through a reduction in the amount they must pay in cost-sharing, and thus, end up paying a larger share of the actual cost of a drug.”[[2]](#footnote-2)

A legislative fix is necessary to end retroactive DIR fees and help ensure independent pharmacies like ours can continue to serve communities across [INSERT STATE] by providing beneficiaries with access to the prescription drugs they need. Therefore, I ask you to cosponsor **H.R. 3554, the *Pharmacy DIR Reform to Reduce Senior Drug Costs Act*.** Introduced by Representatives Peter Welch (D-VT) and Morgan Griffith (R-VA), this legislation addresses the retroactive nature of DIR fees and ensures pharmacy quality is measured consistently and appropriately.

These reforms will save America’s seniors billions of dollars, eliminate the economic pressures and uncertainties faced by our pharmacies, and move the Medicare Part D program in the right direction towards better quality and overall improved beneficiary health.

Thank you for your time and I look forward to your support in addressing this pressing issue.

Sincerely,

[INSERT NAME]

[TITLE]

[COMPANY NAME]

[CONTACT INFO]

[ADDRESS]

[CITY, STATE ZIP]

[WEBSITE]

1. Centers for Medicare & Medicaid Services (CMS), *Fiscal Year 2022: Justification of Estimates for Appropriations Committees*, Page 242 (published June 2021). [↑](#footnote-ref-1)
2. 83 Fed. Reg. 231, 62174 (published Nov. 30, 2018). [↑](#footnote-ref-2)