

Congress of the United States
Washington, DC 20515

July 7, 2015

Mr. Andrew Slavitt
Acting Administrator
Centers for Medicare and Medicaid Services
200 Independence Avenue S.W., Room 314-G
Washington, D.C. 20201

Dear Administrator Slavitt,

Last May your agency finalized its rule on Medicare Part D (Medicare Program; Contract Year 2015 Policy and Technical Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Programs; Final Rule) that would bring greater transparency to generic drug payments. Generic prescription drugs account for over 80 percent of drugs dispensed, but details surrounding the reimbursement system for these medications is unknown to pharmacists and raises serious questions as to whether Medicare is overpaying the drug plan middlemen, pharmacy benefit managers (PBMs). The contracts independent community pharmacies sign with PBMs for access to their pharmacy networks are non-negotiable and do not disclose the terms and conditions regarding payments for most generic drugs.

Even though pharmacists are primarily reimbursed for generics via Maximum Allowable Cost (MAC) lists, these lists may not be updated on a regular basis which frequently results in pharmacists being reimbursed below their acquisition cost, particularly in today's pharmaceutical marketplace which is experiencing unprecedented spikes in the prices for generic drugs.

The final Medicare rule included provisions that will require PBMs to inform pharmacies what sources they use to make MAC updates and they will also have to update the price at least once every seven days. We were very pleased with the action CMS took on this important topic and we do encourage CMS to ensure appropriate enforcement efforts next year related to these changes. We also want to highlight additional provisions that exist in bipartisan legislation, H.R. 244, the "MAC Transparency Act", which was introduced earlier this year by Reps. Doug Collins (R-GA) and Dave Loebsack (D-IA) that would allow for even greater fairness in generic drug pricing and transparency.

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The bill would increase transparency of generic drug payment rates in Medicare Part D, the Federal Employees Health Benefits program (FEHB), and TRICARE pharmacy programs, by requiring PBMs to:

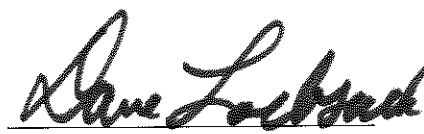
- Provide pricing updates at least once every seven days;
- Disclose the sources used to update MAC prices; and
- Notify pharmacies of any changes in individual drug prices in advance of the use of such prices for the reimbursement of claims.


The measure would also establish an appeals process to resolve disputes when drug prices are less than the acquisition cost of a drug. Additionally the bill expands the definition of a drug pricing standard to specifically include MAC.


Again we applaud CMS for taking the first step towards ensuring that costs submitted to CMS by Part D sponsors are completely accurate. As you begin preparing to enforce these provisions please share with us your plans to ensure ordered implementation. Many states have passed MAC Transparency laws and have struggled to enforce them effectively. Thank you for your service to the United States of America.


Sincerely,

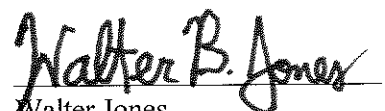

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Dave Loebsack
Iowa's Second District



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Virginia's Ninth District


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Iowa's First District


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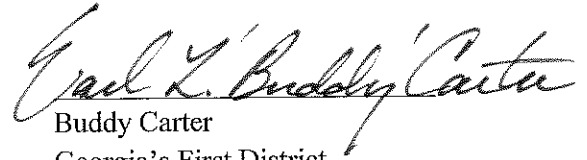
Lynn Westmoreland
Georgia's Third District



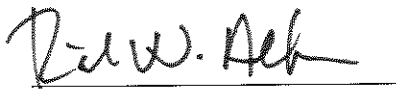
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