



Congress Needs to Enact Federal PBM Reforms for Medicare Part D Drug Plans

Background – The past few years have seen a growing concern about the increasing cost of prescription drugs – especially for Medicare Part D senior patients - and the growing recognition and spotlight that the multi-billion-dollar corporations – Pharmacy Benefit Managers – who handle the drug benefit and determine the ultimate prescription cost to end payer, need oversight and regulation to bring transparency and accountability to their practices.

While their Part D hidden fees to pharmacies - called Direct and Indirect Remuneration (DIR) fees – beginning in January are now being disclosed at the pharmacy counter, more reforms in the Medicare Part D program are needed to protect the interests of Federal taxpayers, senior patients on prescriptions and their pharmacy providers of their choice.

Solution: Federal Further Protection Legislation for Part D Prescription Drug Program

While CMS by regulation ended retroactive DIRs for Part D starting in January 2024, Part D PBMs still will have retroactive DIRs for performance-based Part D programs. This Congress, as in previous years, has legislation (**S. 2052**, the “Protect Patient Access to Pharmacies Act”) to reform PBM Part D program with mandates for performance pay standards and reform of other Part D abuses by PBMs that harm a pharmacy’s ability to serve their Part D patients. The House has passed overwhelmingly 320-71 a comprehensive PBM reform bill (**H.R. 5378**, “Lower Costs, More Transparency Act”) that has many important Medicare Part D reforms. The Senate Finance Committee reported with near unanimous support two bills - **S. 2973** the “Modernizing and Ensuring PBM Accountability (MEPA) Act” and **S. 3430** the “Better Mental Health Care, Lower-Cost Drugs, and Extenders Acts) - with important Medicare Part D reforms, especially mandating relevant and reasonable reimbursement terms in Part D contracts.

Both the House and Senate agree on essential reforms to the Part D program that take away incentives for the PBMs to design coverage that works to their financial advantage at the expense of taxpayers, vulnerable senior patients and the community pharmacy of their choice. Both the House and Senate need to incorporate the provisions of each chamber’s PBM Part D reforms in **H.R. 5378**, **S. 2973** and **S. 3430** into those essential legislative vehicles that must be enacted, particularly the Federal omnibus funding bills.

IPC asks the 118th Congress to include bi-cameral, bi-partisan broadly supported PBM Part D reform legislative provisions in appropriate “must pass” legislative vehicles during the upcoming post-election Congressional “lame duck” session in order to end PBM abuses for their financial gain at the expense of Federal taxpayers, vulnerable senior patients and their community pharmacies.

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