

From: Catherine McNicoll <CatherineMcNicoll@scstatehouse.gov>
To: Danny Varat <DannyVarat@scstatehouse.gov>
Date: 12/6/2017 5:49:06 PM
Subject: FW: DIR Fees

Please advise, also who is Lt. Gov Martin?

*Best Regards,
Catherine McNicoll
Director of Legal & Legislative Affairs
Lieutenant Governor's Office
CatherineMcNicoll@SCStatehouse.gov
803-734-5292 (phone)*

From: Rachel Colvin [mailto:rcolvin@crowesinc.com]
Sent: Wednesday, December 06, 2017 10:11 AM
To: Lt. Governor's Office
Subject: DIR Fees

Dear Lieutenant Governor Martin,

Pharmacy benefit managers (PBMs) have been using direct and indirect remuneration fees (DIR) for many years. Every year these fees increase, which affects our retail pharmacy bottom line.

Most of these DIR fees that PBMs charge our pharmacy do not show up until MONTHS after the prescription has left our pharmacy, therefore, a true profit is impossible to track. DIR fees are either based on a percentage of the contracted price vs some that charge a flat DIR fee. Both these types of fees can actually be higher than the reimbursed rate from the PBM and results in a loss for our pharmacy.

Because it is so difficult to track, many independent pharmacies do no account for the total amount they pay in DIR fees but at our corporate office we do. The total DIR fees that will be collected by the PBMs in 2017 for U Save It Pharmacies are expected to be \$1,099,044 which accounts for 1.4% of our revenue.

Each year CMS is asked to look at data in regards to DIR. CMS has recognized that DIR fees create more out of pocket spending for Medicare Part D patients and that PBMs need more transparency as to the reporting of DIR fees. The DIR fees that are collected from us do not reduce the cost or co-pay to the patient. It is only lining the pockets of the PBM's.

Please keep independent pharmacies in your communities by sponsoring any bill that will stop these DIR fees so that we can continue to keep our customers healthy.

Sincerely,

Paula Norman

V.P. U Save It Pharmacies

Phone: 229-395-1214