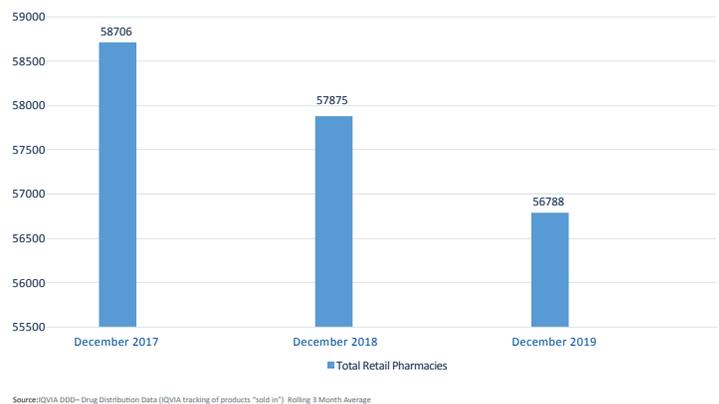


## The Pharmacy Reimbursement Crisis

Retail pharmacies are in crisis, facing unsustainable financial pressures as they are increasingly reimbursed by payers below the cost of buying and dispensing prescription drugs.

- The Pharmacy Closure Epidemic!** Dire financial pressures have caused an alarming number of pharmacies to shut their doors. Payers have increasingly reduced reimbursements; in many cases pharmacies dispense prescriptions below cost. Retroactive fees, known as Direct and Indirect Remuneration (DIR), often occur weeks or months after a transaction closes, when a payer decides to recoup a portion of the pharmacy's reimbursement. These fees have made the economic viability of community pharmacies increasingly difficult, due to the unpredictability of reimbursement and the increased damage to bottom lines. Last year pharmacies paid over \$9 billion in DIR fees. *There are now approximately 2,000 fewer pharmacies than just two years ago<sup>1</sup>.*

The number of Retail Pharmacies is 3% lower than 2017 and 2% lower than 2018



- Vital Patient Access is Threatened!** The epidemic of pharmacy closures is reducing access to vital healthcare services, especially in rural areas where options are already limited. Recent polling by Morning Consult confirmed that pharmacies are considered the most accessible part of the healthcare delivery system. However, that accessibility is increasingly threatened as more pharmacies go out of business. A recent study published in the Journal of the American Medical Association found that pharmacy closures led to a significant drop in medication adherence for older adults taking cardiovascular medications. *These closures directly impact the health of average Americans.*
- First Steps:** To keep pharmacies in business, serve patients, and protect their access to healthcare, Congress must immediately enact legislation. Important reforms already included in Senate/House drug pricing legislation to reform abusive pharmacy DIR fees, especially the adoption of pharmacy quality measures, are an essential first step to stop the damage being done to important healthcare access. *This is the number one legislative priority of community pharmacy.*
- Long-term Solutions:** In the longer-term, policymakers must act so that pharmacists are reimbursed for the valuable services they can offer to optimize health and reduce the cost of care. The adoption of pharmacy quality performance measures will help establish the foundation for pharmacies to continue to provide vital services and participate in value-based care programs. And the advanced education and training pharmacists receive equips them well to provide services including health tests and screenings, management of chronic conditions and medications, immunizations, and point of care testing (e.g. flu, strep). *Medicare Part B Provider status and better integration of pharmacies in value-based care/payment models would allow pharmacists to deliver services that produce better health and provide increased savings.*

<sup>1</sup> Independent data sources have reported that the number of retail pharmacies in the United States dropped by almost 2,000 over the past two years. See IQVIA, DDD – Drug Distribution Data (last visited Feb. 20, 2020) (showing the number of U.S. retail pharmacies dropped from 58,706 in December 2017 to 56,788 in December 2019); National Council for Prescription Drug Programs, dataQ (last visited Feb. 20, 2020) (showing 995 pharmacy profiles closed in 2018 and 695 pharmacy profiles closed in 2019).