

# HOW PHARMACY DIR\* FEES WORK

\*Direct and Indirect Remuneration

## #1

RPh



Pharmacist dispenses medicine to patient

### DAY 1

## #2

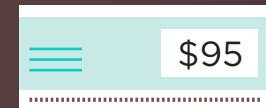
RPh receives

IN BOX

Wholesaler Invoice

For: Drug

Pay \$90



& reimbursement for the drug from PBM

### DAY 14

## #3

RPh receives from PBM

DIR Fee Deduction Notice

For: Drug

Return \$15

DIR clawback for medication already dispensed

### DAY 90

## #4

RPh



Pharmacy Balance Sheet

Bought Drug: \$90

Reimbursed: \$95

DIR Fee: (-\$15)

**Net Reimbursement: \$80**

**Net Loss: (-\$10)**

### FINAL ACCOUNTING

# HOW RETROACTIVE PHARMACY DIR\* FEES HURT MEDICARE PATIENTS & TAXPAYERS

\*Direct and Indirect Remuneration

## #1

### AT THE PHARMACY COUNTER

Medicare-enrolled seniors pay pharmacies a co-pay for medications,



while the full price of the drug is credited against the patient's coverage limit.



## #2

### WEEKS OR MONTHS LATER

PBM



The PBM administering Medicare's prescription benefit decides to take back a portion of the pharmacy's reimbursement for the actual costs of the patient's medication.

## #3

### THE RESULT

The original higher price - not the adjusted price - is still counted against the patient, pushing her more quickly into Medicare's "doughnut hole" coverage gap, in which she becomes responsible for a much greater portion of her prescription costs.

## #4

...as the patient's health care expenses mount, she'll be pushed out of the doughnut hole...

John Q. Taxpayer



...and into Medicare's catastrophic coverage phase, in which taxpayers are now on the hook for 80% of her health care expenses.

### EVENTUALLY

The Federal Government