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NCPA's Analysis of H.R. 3
Lower Drug Costs Now Act of 2019
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On October 18, 2019, the House Energy and Commerce Committee amended and passed H.R. 3 out of committee. The following summary includes the most important provisions in H.R. 3 for community pharmacies.

Title I – Lowering Prices Through Fair Drug Price Negotiation

- **What does this title do?**

This title requires the Centers for Medicare & Medicaid Services ("CMS") to negotiate the maximum prices for 1) insulin products; and 2) a set number of single source, brand name drugs that do not have generic competition and that are among the 125 drugs that account for the greatest national spending or the 125 drugs that account for the greatest spending under the Medicare prescription drug benefit and Medicare Advantage (MA). The bill was recently amended to require CMS to negotiate at least 35 drugs by 2033 (with a phase-in by increasing to at least 30 drugs in 2028).

- **What is the most important aspect of this title that community pharmacists need to know?**

The bill seeks to establish procedures that set the amount by which a pharmacy would be reimbursed for drugs negotiated by the government under the aforementioned program. The bill requires no later than 90 days after dispensing a drug under the program (known as a selected drug to a fair price eligible individual), a pharmacy is reimbursed for an amount equal to the difference between:

- The lesser of the wholesale acquisition cost of the drug ("WAC"); the National Average Drug Acquisition cost of the drug ("NADAC"); or any other similar determination of pharmacy acquisition costs of the drug, as determined by the Secretary; AND
- The maximum fair price for the drug (that is, the price negotiated/established by the government).

Title III – Part D Improvements and Maximum Out-of-Pocket Cap For Medicare Beneficiaries

- **What does this title do?**

This bill creates a cap on the costs for prescription drugs for Medicare Part D beneficiaries by setting the annual out-of-pocket limit at $2,000. This means that beneficiaries who have more than $2,000 in prescription drug spending will face no additional cost-sharing over that amount.

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Additionally, this bill would decrease the government reinsurance from 80 percent to 20 percent, and increase plan responsibility from 20 percent to 50 percent, thereby increasing incentives for plans to better manage drug spending.

This bill requires drug manufacturers to be responsible for 30 percent of costs in the catastrophic coverage phase, to ensure that drug companies help pay more of the costs for expensive drugs in catastrophic coverage. Additionally, manufacturers would be required to pay 10 percent costs in the initial coverage phase.

- **What is the most important aspect of this title that community pharmacists need to know?**

On October 17, 2019, the Energy and Commerce Committee amended H.R. 3 to include section 303, which establishes pharmacy quality measures for the purposes of providing pharmacy incentive payments or price concessions. This section would require the Secretary to establish standardized pharmacy quality metrics that PDPs must use in any pharmacy incentive payment program. The Secretary would require PDPs to use these measures as soon as they are sufficient in number, but no later than in plan year January 1, 2021.