



CMS Finalizes Proposal That Will Significantly Impact DIR Fees

Policy aims to reduce beneficiary out-of-pocket costs and improve transparency

On April 29, 2022, the Centers for Medicare and Medicaid Services (CMS) released the Medicare Advantage and Part D Final Rule for CY 2023. In the rule, CMS finalized its proposal to require Part D plans to apply all price concessions they receive from network pharmacies to the negotiated price at the point of sale.

Specifically, the rule would redefine the "negotiated price" as "the lowest amount a pharmacy could receive as its reimbursement for a covered Part D drug under its contract with the Part D plan sponsor or the sponsor's intermediary." In contrast from the proposed January 1, 2023 effective date, CMS finalized a January 1, 2024 effective date. In another change from the proposal, CMS is applying the finalized policy across all phases of the Part D benefit.

The agency estimates this policy will reduce beneficiary costs by \$26.5 billion between 2024 and 2032 (or 2%) and increase Part D costs for the government by \$46.8 billion between 2024 and 2032 through increases in direct subsidy and low-income subsidy payments (or 3%). Manufacturers are expected to save about \$16.8 billion over the same time period.

To read the final rule in its entirety, [CLICK HERE](#).

To read a CMS factsheet on the final rule, [CLICK HERE](#).

To read The Network's comments on the proposed rule, [CLICK HERE](#).