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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R.

To amend title XVIII of the Social Security Act to _____.

IN THE HOUSE OF REPRESENTATIVES

Mr. WELCH introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend title XVIII of the Social Security Act to
_____.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pharmacy DIR Reform
5 to Reduce Senior Drug Costs Act”.

1 **SEC. 2. REQUIRING PHARMACY-NEGOTIATED PRICE CON-**
2 **CESSIONS, PAYMENT, AND FEES TO BE IN-**
3 **CLUDED IN NEGOTIATED PRICES AT THE**
4 **POINT-OF-SALE UNDER PART D OF THE MEDI-**
5 **CARE PROGRAM.**

6 Section 1860D–2(d)(1)(B) of the Social Security Act
7 (42 U.S.C. 1395w–102(d)(1)(B)) is amended—

8 (1) BY STRIKING “PRICES.—For purposes” and
9 inserting “PRICES.—

10 “(i) IN GENERAL.—For purposes”;

11 and

12 (2) by adding at the end the following new
13 clause:

14 “(ii) PRICES NEGOTIATED WITH
15 PHARMACY AT POINT-OF-SALE.—For plan
16 years beginning on or after January 1,
17 2022, a negotiated price for a covered part
18 D drug described in clause (i) shall include
19 price concessions, payments, and fees nego-
20 tiated with such pharmacy as defined by
21 the Secretary, but shall not include incen-
22 tive payments based on pharmacy perform-
23 ance paid or to be paid to such pharmacy.
24 Such negotiated price shall be provided at
25 the point-of-sale of such drug.”.

1 **SEC. 3. DISCLOSURE TO PHARMACY OF POST-POINT-OF-**
2 **SALE PHARMACY PRICE CONCESSIONS AND**
3 **INCENTIVE PAYMENTS.**

4 Section 1860D–2(d)(2) of the Social Security Act (42
5 U.S.C. 1395w–102(d)(2)) is amended—

6 (1) BY STRIKING “DISCLOSURE.—A PDP
7 sponsor” and inserting “DISCLOSURE.—

8 “(A) TO THE SECRETARY.—A PDP spon-
9 sor”; and

10 (2) by adding at the end the following new sub-
11 paragraph:

12 “(B) TO PHARMACIES.—

13 “(i) IN GENERAL.—For plan year
14 2022 and subsequent plan years, a PDP
15 sponsor offering a prescription drug plan
16 and an MA organization offering an MA–
17 PD plan shall report any pharmacy price
18 concession or incentive payment that oc-
19 curs with respect to a pharmacy after pay-
20 ment for covered part D drugs at the
21 point-of-sale, including by an intermediary
22 organization with which a PDP sponsor or
23 MA organization has contracted, to the
24 pharmacy.

25 “(ii) TIMING.—The reporting of price
26 concessions and incentive payments to a

1 pharmacy under clause (i) shall be made
2 on a periodic basis (but in no case less fre-
3 quently than annually).

4 “(iii) CLAIM LEVEL.—The reporting
5 of price concessions and incentive pay-
6 ments to a pharmacy under clause (i) shall
7 be at the claim level or approximated at
8 the claim level if the price concession or in-
9 centive payment was applied at a level
10 other than at the claim level.”.

11 **SEC. 4. ESTABLISHMENT OF PHARMACY PERFORMANCE**
12 **MEASURES UNDER MEDICARE PART D.**

13 Section 1860D–4(c) of the Social Security Act (42
14 U.S.C. 1395w–104(c)) is amended—

15 (1) by redesignating paragraph (6), as added by
16 section 50354 of division E of the Bipartisan Budg-
17 et Act of 2018 (Public Law 115–123), as paragraph
18 (7); and

19 (2) by adding at the end the following new
20 paragraph:

21 “(8) APPLICATION OF STANDARDIZED PHAR-
22 MACY PERFORMANCE MEASURES.—

23 “(A) IN GENERAL.—A PDP sponsor and
24 MA–PD plan that makes incentive payments to
25 a pharmacy or receives price concessions paid

1 by a pharmacy based on performance measures
2 shall, for the purposes of such incentive pay-
3 ments and price concessions with respect to cov-
4 ered part D drugs dispensed by such pharmacy,
5 only use measures—

6 “(i) established or adopted by the Sec-
7 retary under subparagraph (B), as listed
8 under clause (ii) of such subparagraph;
9 and

10 “(ii) that are relevant to the perform-
11 ance of such pharmacy with respect to
12 areas that the pharmacy can impact based
13 on covered part D drugs dispensed and
14 managed.

15 “(B) STANDARDIZED PHARMACY PER-
16 FORMANCE MEASURES.—

17 “(i) IN GENERAL.—Notwithstanding
18 any other provision of law, the Secretary
19 shall establish or adopt standardized phar-
20 macy performance measures from one or
21 more multi-stakeholder, consensus organi-
22 zations representing all pharmacy types
23 (including specialty pharmacies) to be used
24 by a PDP sponsor and MA–PD plan for
25 the purposes of determining incentive pay-

1 ments and price concessions described in
2 subparagraph (A). Such measures shall be
3 evidence-based and focus on pharmacy per-
4 formance on patient health outcomes and
5 other areas, as determined by the Sec-
6 retary, that the pharmacy can impact
7 based on covered part D drugs dispensed
8 and managed.

9 “(ii) MAINTENANCE OF LIST.—The
10 Secretary shall maintain a single list of
11 measures established or adopted under this
12 subparagraph and measures shall be evalu-
13 ated and updated on an ongoing basis
14 through stakeholder consensus organiza-
15 tions to ensure they are transparent,
16 achievable, and clinically meaningful.

17 “(iii) APPLICATION TO STAR RAT-
18 INGS.—The Secretary shall require the de-
19 velopment of measures to apply in the star
20 rating system under this part to assess the
21 use of a standard set of pharmacy per-
22 formance measures by PDP sponsors and
23 MA–PD plans.

24 “(C) SPECIALTY PHARMACY.—For pur-
25 poses of subparagraph (B)(i), the Secretary

1 shall, not later than December 31, 2022, define
2 the term ‘specialty pharmacy’ in consultation
3 with relevant stakeholders.

4 “(D) EFFECTIVE DATE.—The requirement
5 under subparagraph (A) shall take effect for
6 plan years beginning on January 1, 2022, or
7 such earlier date specified by the Secretary if
8 the Secretary determines there are sufficient
9 measures established or adopted under subpara-
10 graph (B) for the purposes of the requirement
11 under subparagraph (A).”.