February 25, 2013

Ms. Marilyn Tavenner  
Acting Administrator  
Centers for Medicare & Medicaid Services  
Room 341-H, Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Dear Acting Administrator Tavenner:

This past August, you were gracious to accept my invitation to visit Kansas to meet with various health care providers in my state. You may recall that one of the provider groups we met with were members of the Kansas Pharmacists Association. I appreciate the desire you expressed in this meeting to have a dialogue with these providers regarding issues affecting how they provide medical care and counsel to patients. I write to you today with questions regarding the Centers for Medicare & Medicaid Services’ (CMS’) administration of Medicare Part D preferred network pharmacy plans (PNP Plans).

Over the past few years, CMS has permitted health insurers to partner with large chain drug retailers to launch PNP Plans. These plans should be offering prescription drugs to Medicare beneficiaries at significantly reduced prices compared to other Part D plans. Empowering beneficiaries to benefit from competition and lower drug prices is a goal we share, but it is also important that these PNP Plans, and all Part D plans, are accurately marketed to beneficiaries so they are able to fully understand the features of the various plans and the benefits and drawbacks of signing up for one plan compared to another. Moreover, the savings generated by these plan networks should be passed through to the beneficiary and Medicare.

Many seniors get their medications and related counsel from a trusted pharmacist in their community. The preferred pharmacies in the PNP Plans, Part D agents and brokers, and representatives of the Senior Health Insurance Information Program should disclose to Medicare beneficiaries that the beneficiaries may have to go to a specific preferred pharmacy provider to access the most reduced drug costs advertised by such plans. In Kansas, 34 of my state’s 105 counties only have one pharmacy, and five counties do not have a pharmacy. If Part D plans are not accurately marketed, pharmacy access for rural Americans could be jeopardized. If a Part D plan limits Medicare beneficiaries to only a small number of pharmacy providers to get the most reduced drug prices, it is important that this information be clearly disclosed to them.
Additionally, it is important that the Medicare Plan Finder contain obvious information for beneficiaries regarding such pharmacy provider options as well as costs.

Last year, in questions submitted for the record related to the Fiscal Year 2013 Health and Human Services Budget Hearing, I asked CMS what actions it was taking to ensure accurate marketing and full disclosure of PNP Plans for the 2013 plan year. CMS provided the following response to my question:

“An increasing number of Part D plans offer cost sharing differentials between preferred and non-preferred network pharmacies. It is important to ensure that beneficiaries understand whether preferred cost sharing is available at individual pharmacies. Specifically, confusion may arise if beneficiaries do not select a pharmacy when they compare Part D plans using the Medicare Plan Finder. Therefore, we are currently working to change the Plan Finder to require each beneficiary to select a pharmacy in his/her plan’s network for purposes of providing cost estimates that reflect the selected pharmacy’s preferred or non-preferred status in the plan’s network. We believe this change will eliminate the possibility that a beneficiary will obtain cost estimates and plan selections based on preferred pharmacy cost sharing when that beneficiary does not intend to use pharmacies in the preferred pharmacy network. The selection of a particular pharmacy in Plan Finder for this purpose has no bearing on the beneficiary’s ability to fill prescriptions at any network pharmacy.”

Could you please provide me with an update as to how CMS has modified the Medicare Plan finder to meet the objective set forth in this response to my hearing question?

Additionally, some pharmacists in my state inform me that independent pharmacies that may wish to participate in the PNP Plans are not being given the opportunity to participate. Do independent pharmacies that are willing to accept the terms of the PNP Plans have any opportunity to participate in such plans? Finally, I have heard concerns that not all preferred pharmacy prices are better than non-preferred pharmacy prices. How does CMS respond to this concern?

I believe that local pharmacists play a very important role in the delivery of health care across our country because in many rural communities they are often the most accessible provider in a community. Thank you for working with me to strengthen this health care access and I look forward to your responses to my questions.

Very truly yours,

Jerry Moran