To amend title XVIII of the Social Security Act to reform requirements with respect to direct and indirect remuneration under Medicare part D, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Pharmacy DIR Reform to Reduce Senior Drug Costs Act”.
SEC. 2. REQUIRING PHARMACY-NEGOTIATED PRICE CONCESSIONS, PAYMENT, AND FEES TO BE INCLUDED IN NEGOTIATED PRICES AT THE POINT-OF-SALE UNDER PART D OF THE MEDICARE PROGRAM.

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

(1) by striking “PRICES.—For purposes” and inserting “PRICES.—

“(i) IN GENERAL.—For purposes”;

and

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

“(ii) PRICES NEGOTIATED WITH PHARMACY AT POINT-OF-SALE.—For plan years beginning on or after January 1, 2022, a negotiated price for a covered part D drug described in clause (i) shall include price concessions, payments, and fees negotiated with such pharmacy as defined by the Secretary, but shall not include incentive payments based on pharmacy performance paid or to be paid to such pharmacy. Such negotiated price shall be provided at the point-of-sale of such drug.”.
SEC. 3. DISCLOSURE TO PHARMACY OF POST-POINT-OF-SALE PHARMACY PRICE CONCESSIONS AND INCENTIVE PAYMENTS.

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

(1) by striking “DISCLOSURE.—A PDP sponsor” and inserting “DISCLOSURE.—

“(A) To the Secretary.—A PDP sponsor”; and

(2) by adding at the end the following new subparagraph:

“(B) To pharmacies.—

“(i) In general.—For plan year 2022 and subsequent plan years, a PDP sponsor offering a prescription drug plan and an MA organization offering an MA–PD plan shall report any pharmacy price concession or incentive payment that occurs with respect to a pharmacy after payment for covered part D drugs at the point-of-sale, including by an intermediary organization with which a PDP sponsor or MA organization has contracted, to the pharmacy.

“(ii) Timing.—The reporting of price concessions and incentive payments to a
pharmacy under clause (i) shall be made on a periodic basis (but in no case less frequently than annually).

“(iii) CLAIM LEVEL.—The reporting of price concessions and incentive payments to a pharmacy under clause (i) shall be at the claim level or approximated at the claim level if the price concession or incentive payment was applied at a level other than at the claim level.”.

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

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

(1) by redesignating paragraph (6), as added by section 50354 of division E of the Bipartisan Budget Act of 2018 (Public Law 115–123), as paragraph (7); and

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

“(8) APPLICATION OF STANDARDIZED PHARMACY PERFORMANCE MEASURES.—

“(A) IN GENERAL.—A PDP sponsor and MA–PD plan that makes incentive payments to a pharmacy or receives price concessions paid
by a pharmacy based on performance measures shall, for the purposes of such incentive payments and price concessions with respect to covered part D drugs dispensed by such pharmacy, only use measures—

“(i) established or adopted by the Secretary under subparagraph (B), as listed under clause (ii) of such subparagraph; and

“(ii) that are relevant to the performance of such pharmacy with respect to areas that the pharmacy can impact based on covered part D drugs dispensed and managed.

“(B) STANDARDIZED PHARMACY PERFORMANCE MEASURES.—

“(i) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall establish or adopt standardized pharmacy performance measures from one or more multi-stakeholder, consensus organizations representing all pharmacy types (including specialty pharmacies) to be used by a PDP sponsor and MA–PD plan for the purposes of determining incentive pay-
ments and price concessions described in subparagraph (A). Such measures shall be evidence-based and focus on pharmacy performance on patient health outcomes and other areas, as determined by the Secretary, that the pharmacy can impact based on covered part D drugs dispensed and managed.

“(ii) MAINTENANCE OF LIST.—The Secretary shall maintain a single list of measures established or adopted under this subparagraph and measures shall be evaluated and updated on an ongoing basis through stakeholder consensus organizations to ensure they are transparent, achievable, and clinically meaningful.

“(iii) APPLICATION TO STAR RATINGS.—The Secretary shall require the development of measures to apply in the star rating system under this part to assess the use of a standard set of pharmacy performance measures by PDP sponsors and MA–PD plans.

“(C) SPECIALTY PHARMACY.—For purposes of subparagraph (B)(i), the Secretary
shall, not later than December 31, 2022, define
the term ‘specialty pharmacy’ in consultation
with relevant stakeholders.

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