

Changing the Game on DIR Fees

How Independent
Pharmacies Can Drive
Patient Retention &
Mitigate DIR Fees
Through Medicare
Consultations



Introduction

The odds are stacked against community pharmacies these days. Increased competition from online and mail order pharmacies has made patient retention more important than ever for independents. Plus, falling reimbursement rates and rising DIR fees are making it even harder to turn a profit as a business.

DIR fees, in particular, are a growing problem for today's independent pharmacies. In a letter to Congress signed by 249 organizations — including the National Community Pharmacists Association (NCPA), the American Pharmacists Association (APhA), the National Association of Chain Drug Stores (NACDS) — the case is made for how DIR fees negatively impact seniors and pharmacies:

These fees, which lead to higher costs for beneficiaries at the pharmacy counter, impose ever-increasing challenges on struggling seniors, putting them at risk for reduced medication adherence and poorer health outcomes. These fees also make it harder for pharmacies to continue operating and providing seniors and special needs populations with the medications and services they desperately need. Many pharmacies have closed over the past few years and have cited DIR fees as a primary cause. These pharmacy closures reduce access to vital healthcare services; especially in rural and underserved areas where healthcare options are already limited. ¹

What is a community pharmacy to do? Some are forced to close their doors. Others pivot their business and expand their offerings into clinical services that aren't touched by DIR fees or offered by online pharmacies. (We encourage this, by the way — but it is a process.)

For many, the answer can be found, as always, with your patients — specifically, your high-value Medicare patients.

Medicare Part D plan consultations offer a way to keep patients returning to your pharmacy while also mitigating your DIR risk. You've known all along that your relationship with your patients is what sets your pharmacy apart. With Medicare consultation, you have a chance to capitalize on it. Ready to learn how?



Legislation passed in May 2022 purports to eliminate retroactive DIR fees, but it doesn't go into effect until 2024.

Once it is in effect, the bill won't eliminate DIR fees entirely. Instead, it requires DIR fees to be reflected in the price the patient pays at the counter. Though most pharmacies and pharmacy associations see this as a win, many are also still wary of potential loopholes. ²

How Medicare Consultations Can Improve Patient Retention

In the face of competition from online drugstores and mail-order pharmacy programs, patient retention is paramount for community pharmacies. And, unfortunately, keeping patients is only getting harder.

The popularity of mail-order and online pharmacies continues to grow. According to data from the Kaiser Family Foundation, 14 million enrollees in Medicare Part D and large employer plans relied on mail-order pharmacies for at least one prescription in 2018, for a total of over 170 million prescriptions filled.³ With the coronavirus pandemic that began in 2020, that number only grew, and it's expected to keep growing at a rate of 16.5% per year.⁴ Online pharmacies are also on the rise, with a projected growth rate of 19% per year.⁵

As the number of Medicare plans with preferred pharmacy networks continues to grow each year, the number of plans with preferred cost-sharing available at the average retail pharmacy shrinks. A July 2022 survey of more than 300 pharmacists nationwide revealed that nearly 4 out of 5 pharmacists reported that their patients are worried about their preferred pharmacy not being in-network if they choose a different plan.⁶ Plus, many plans incentivize or even mandate patients to use mail-order pharmacies for convenience and to save on potential costs. For patients on a budget, every dollar matters.

But low prices aren't why your most loyal patients keep coming back to your pharmacy. Your trusted patient relationships have always been the differentiator — and you can make them even better through Medicare consultations.

Helping a patient evaluate their Medicare plan options can reduce their financial burden by cutting their out-of-pocket expenses, as well as allowing them to anticipate and budget their costs for the upcoming year. Plan comparison consultations also allow you to provide advance notice of any formulary changes, like new prior authorizations, so there are no surprises come January. These consultations help the pharmacist-patient relationship on three different fronts:

1. **It endears them to your pharmacy because you're looking out for them and their financial situation.**
2. **It expands your areas of expertise in the mind of your patient, further building their trust in you as a provider.**
3. **It demonstrates your role as a trusted advisor for one of the most important and frequently stressful decisions a senior must make: choosing the Medicare plan that best meets their financial and healthcare needs.**

"Patients love it," said Steve Adkins of Health Park Pharmacy in Raleigh, NC. "Last year, we saved patients \$250,000 to \$300,000 by helping them compare Medicare Part D plans with EnlivenHealth."

Comparing plans for patients also ensures that their prescriptions, doctors, and your pharmacy are all in network and covered under their plan. Most people on Medicare are 65 years or older, and many of them are not the most computer savvy. If they don't choose a plan through Medicare.gov, they'll likely call 1-800-MEDICARE or work with a broker to get assistance. Those options may lead to them choosing a plan that isn't in their best interest — and possibly out of network with your pharmacy.

Even if a patient is happy with their current plan, you should still offer them a plan comparison as a type of due diligence. Plans change every year; your patient's Medicare plan might not have the same copays or formulary in the coming year. Even if your patient doesn't change their Medicare plan, helping to make them aware of any upcoming changes to their plan can aid retention. It shows you care and reinforces the reasons why they put so much trust in your pharmacy.

According to a proprietary study of pharmacies using EnlivenHealth solutions, patients are

30%

more likely to stay with a pharmacy that performs a plan comparison for them.

Mitigating DIR Fees Through Migrating Medicare Plans

First instituted in 2006, direct and indirect remuneration (DIR) fees have become a thorn in the side of the pharmacy industry. And, looking at the data, it's not hard to see why.

DIR fees were envisioned by CMS to provide additional reimbursements to pharmacies based on certain quality performance metrics. In reality, they have done the opposite. PBMs can recover funds they paid to pharmacies up to six months after the initial transaction, making it difficult to know how much revenue a pharmacy is actually making on a prescription.⁷ And while recent legislation vows to eliminate retroactive DIR fees by 2024, they still exist today and they will continue to exist, only in a non-retroactive form.

Medicare plan comparisons — and plan migrations when appropriate — offer a way for pharmacies to mitigate their DIR risk. Making sure your patients are on the best plan for their needs does more than just impact your DIR fees; it's better for the patient, as well.

Because DIR fees are directly impacted by patient adherence, you should take that into consideration when comparing plans for your patients. While there are some plans in certain states (and certain counties within those states) that don't include DIR fees, those plans aren't very widespread. **What every pharmacy can do, however, is look at Medicare plans that:**

1. Don't include adherence as a metric, or
2. Measure adherence at the PSAO level

That way, you're still doing everything you can to help your patients improve their health outcomes without being penalized for decisions that are out of your control. After all, you can dispense medications, but you can't make your patients take them.

Another way Medicare enrollment can help you mitigate your DIR risk is by moving patients to a plan that makes their drugs more affordable. More than half of the pharmacists that participated in EnlivenHealth's 2022 Pharmacy Medicare Patient Engagement Survey reported that their patients were concerned about increased drug copays for Medicare Part D plans, as well as the overall cost of the plans.⁸ Making your patients' prescriptions more financially feasible could positively impact their adherence and give your performance measures a boost — potentially lowering your DIR fees in the future.



How the Right Software Enables You to Help More Medicare Patients

Numerous software and online options can help patients choose Medicare plans, but very few ensure that they are choosing the best plan for their financial and medical needs.

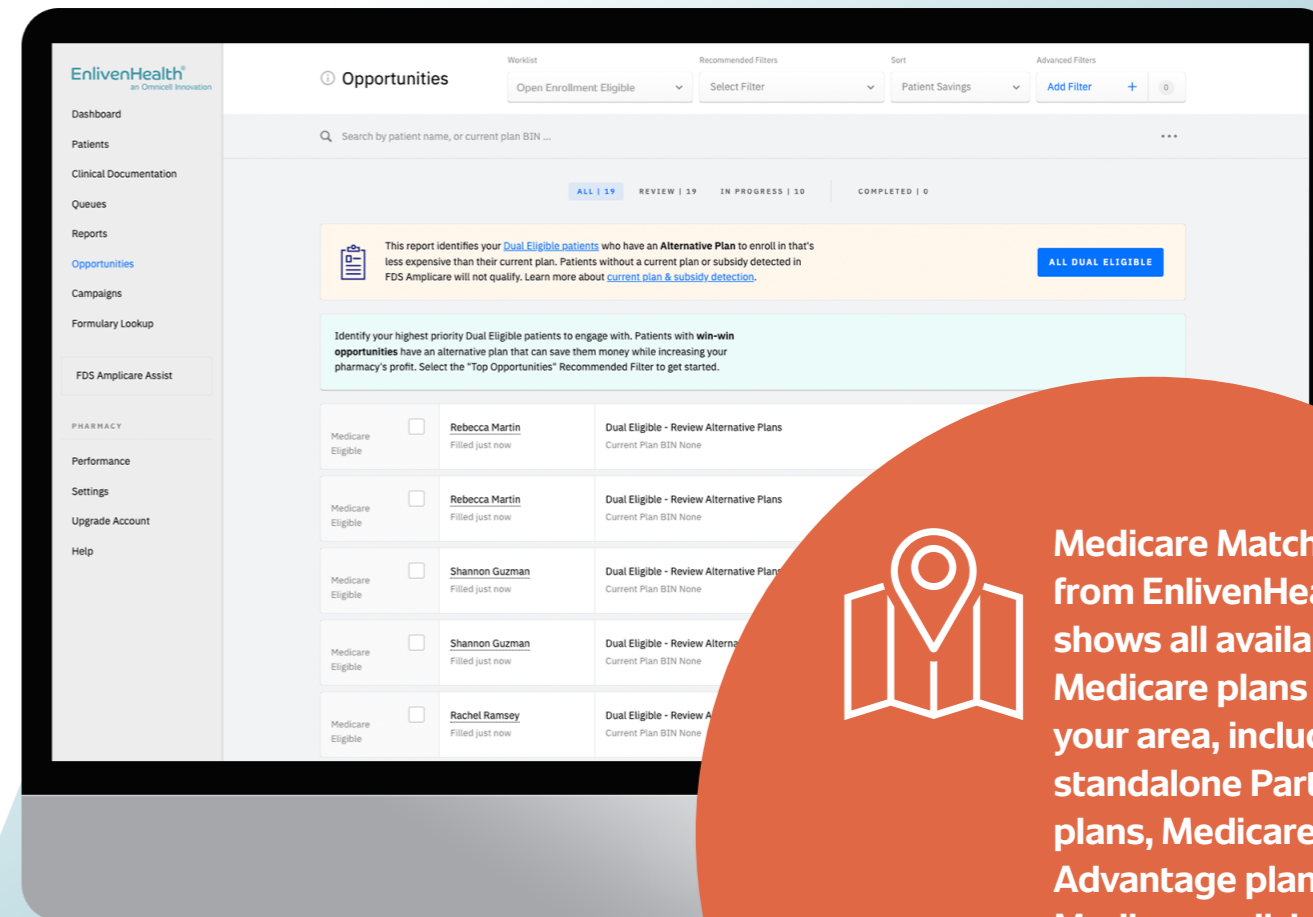
The most well-known plan comparison option, Medicare.gov, offers very little assistance and information when it comes to choosing a Medicare plan tailored to an individual's needs. And the plan comparison solutions offered by most pharmacy software providers aren't much better.

While many pharmacy software providers offer easy options to compare plans for patients, they fall short in a number of ways. Nearly all available plan comparison solutions allow you to compare plans and see how they will affect patient costs, but hardly any show each plan's potential effect on your pharmacy. Many solutions don't allow you to compare Original Medicare plans with Medicare Advantage plans, which means you and your patients aren't getting the full picture of what is available.

Other solutions only show plans from one insurance carrier, typically a partner or sponsor of that vendor. Some solutions completely leave out Medigap and Part D prescription plans. In our research, we even found one service that will perform a plan comparison for you... but they won't show you the results. To learn about your options, you MUST talk to a customer service agent. Nobody has time for that.

The best plan comparison solution is one that shows you in real time which Medicare plan would benefit both your patients and your pharmacy. Patients are looking for the plans that lower their out-of-pocket costs while allowing them to keep their doctors and their chosen pharmacy. After all, you've built a relationship with your patients. You know their prescriptions. You know their health needs as well as their financial situation. Losing them to another pharmacy not only means you lose a patient, it also means a setback in that patient's health care journey. In addition to continuity of care for their patients, pharmacists are looking for the plans that provide the best reimbursement rates for prescriptions, as well as the possibility of lower DIR fees.

"We got a nice big check [one] year from one of our payers for hitting the rebate criteria," said Blake Wiseman, owner of J&R Pharmacy in Benton, KY. "I'm helping my patients save money, and [we're] increasing our performance in plans that will result in bonus payments. This is an entirely new way to look at tackling DIRs."



Medicare Match from EnlivenHealth shows all available Medicare plans for your area, including standalone Part D plans, Medicare Advantage plans, and Medigap policies.

It is also the only plan comparison tool that shows a plan's potential impact on your pharmacy.

How You Should Use Your Plan Comparison Software

When performing a plan comparison in your pharmacy, treat it like you would a clinical encounter. Use an appointment-based model and schedule dedicated time with your patient to go over their plan options. Most plan comparisons can be performed in 15 minutes or less, but you also want to allow enough time for answering your patient's questions. And it's Medicare, so they're going to have questions.

Before performing the plan comparison, work up a list of goals you have for the session. Is this a patient with high adherence or low adherence? Are they more concerned with lowering their out-of-pocket costs or keeping as many elements of their care the same? Eliminating all the plans that don't match up with your patient goals from the very beginning streamlines the plan comparison process, reducing hundreds of available plans to a dozen (or less).

While going over plan options with your patient is ideal, it isn't always an option. Make sure that your plan comparison platform has a patient-facing component so that patients can look over their plan options after their consultation in the comfort of their own home. Using a patient portal, like Medicare Match's [NavigateMyCare.com](https://www.navigatemycare.com), even allows you to perform plan comparisons over the phone; your patient can follow along on their home computer while you look over possible plans at your workstation and discuss their options. Since patients who are more likely to use this feature probably don't come into your pharmacy that often, be sure

to include a flyer advertising this service in your deliveries to them, or mention it when they call about their prescriptions. Just because they can't come to the store doesn't mean they deserve to be saddled with a Medicare plan that doesn't meet their needs.

Speaking of advertising, getting the word out about your pharmacy's plan comparisons is a necessity. But, as a pharmacist, your time is limited. Your best option is to run automated messaging campaigns (like the ones found in Medicare Match) that will send text messages to your Medicare-eligible patients when it's time to enroll, whether that's when they turn 65 or at the start of the annual open enrollment period. Text messages are the recommended communication method; SMS messaging is more reliable and engaging than an email, and texts are more likely to reach the patient than a phone call. Plus, a 2018 AARP survey showed that texting had overtaken email as the preferred method of communication for adults over 50.⁸



Did you know? Adults between ages 60 and 69 are 57% more likely to use their phones to manage medical care than adults over 70.

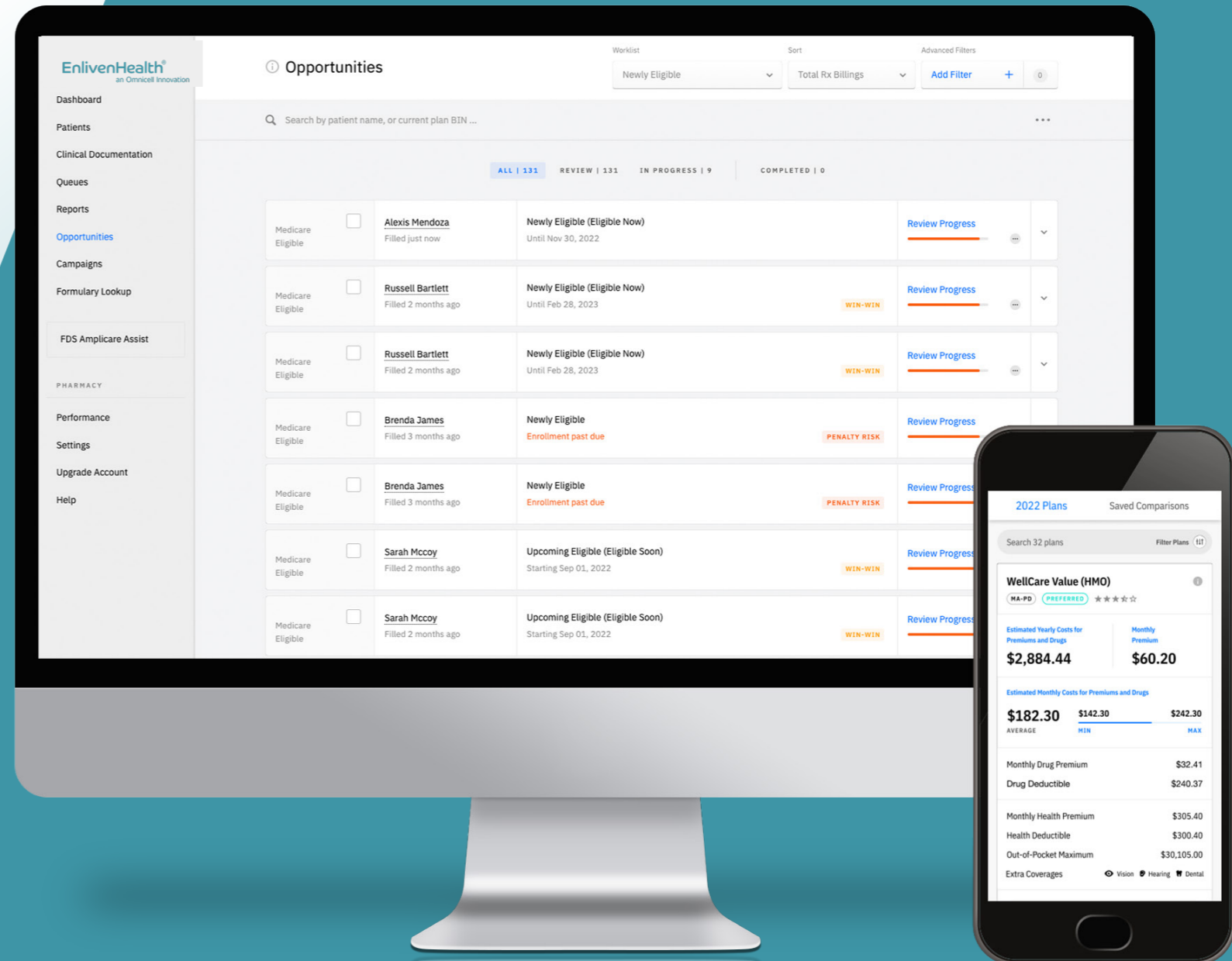
In fact, adults in their 60s are more likely to manage their care via phone than adults in their 50s or 70s.⁸

Embrace Your Medicare Enrollment Opportunities

Few pharmacists see Medicare enrollment for the opportunity it really is. You can help your patients lower their out-of-pocket costs, and you can help your pharmacy lower DIR fees and boost patient retention. And when you're using the right tool, it becomes effortless.

With thousands of Medicare plans available (3,384 in 2022, to be exact), the thought of trying to navigate them can be overwhelming. But it doesn't have to be. When you use a plan comparison tool like Medicare Match, you unlock opportunities for both your pharmacy and your patients.

Visit [EnlivenHealth.co](https://enlivenhealth.co) to learn more about Medicare Match!



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About EnlivenHealth[®]

EnlivenHealth[®] builds advanced patient engagement, financial management and population health technology solutions that enable retail pharmacies and health plans to measurably improve the health of their patients and members, while ensuring the long-term health of their business. With the recent acquisitions of FDS Amplicare and MarkeTouch Media, EnlivenHealth[®] now offers the industry's most comprehensive suite of SaaS technology solutions that help retail pharmacies and health plans to transform and thrive in this new era of digital-driven healthcare. Currently, more than 50,000 retail pharmacies nationwide deploy EnlivenHealth[®]/FDS Amplicare/MarkeTouch Media technology solutions.

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