

Impact My Pharmacy's DIR Fees?



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Direct and Indirect Remuneration fees continue to be a challenge for retail pharmacies. Limited clarity on these fees and the struggle to correctly anticipate them have created crippling financial challenges. These fees have also led to higher prices for patients, particularly at the point of sale.

Did you know that different Medicare plans can have different effects on your pharmacy's DIR fees? Over 3,800 Medicare plans are available for 2023, but they don't all treat DIR fees the same way. Let's learn how these plans can affect your pharmacy's DIR fees and how to help your patients choose the best plan for their needs.

A Confusing Payment Methodology

DIR fees began in good faith. They were created in an attempt by the Centers for Medicare and Medicaid Services (CMS) to improve clarity in reimbursements. What has emerged, however, is a confusing payment methodology that prevents retail pharmacies from predicting their revenue (profits or losses) accurately. This is because of the clawbacks often imposed after the point of sale.

Compounding the issue is the considerable increase in costs associated with DIR fees. Over the past few years, many payers have shifted from a flat-fee DIR to percentage-based DIR fees. Under the percentage-based approach, pharmacies are likely to pay higher DIR fees, especially when dispensing specialty drugs and high-cost brand medications than with flat-fee assessed DIR costs.

How Medicare Plans Approach DIR Fees

As mentioned previously, there are about 3,800 Medicare plans, and each plan approaches DIR fees differently. Most Medicare plans base their DIR fees on adherence, while some don't. Of the ones that do base their fees on patient adherence, some measure adherence at the PSAO level, while others measure at the individual pharmacy level. Some Medicare plans don't even have DIR fees. (They're rare, but they do exist.)

Doing a little bit of homework on the kinds of Medicare plans available to your patients could save them hundreds in out-of-pocket costs while saving your pharmacy thousands in DIR fees. But how do you find the best plan to recommend?

Comparing Medicare Plans

Performing Medicare plan comparisons and advising patients to switch to the best plan (when appropriate) is a great way for pharmacies to mitigate their DIR risk. For patients with adherence issues, pharmacists can help them find plans that don't include adherence as a performance metric as long as the plan still covers their needs and lower their out-of-pocket costs. Ensuring your patients are on the best Medicare plan for their healthcare needs affects more than just your DIR fees – it's good for your patients too.

Similarly, helping your patients find a Medicare plan that could make their medications more affordable can positively impact their adherence. That means your performance measures are likely to increase, potentially lowering your DIR fees in the future.

Pharmacies should use plan comparison tools to compare different Medicare plans for their patients. You (the pharmacy owner) can support patients in choosing a Medicare plan that matches their healthcare requirements and financial needs. For example, [Medicare Match](#) from EnlivenHealth® is a platform that empowers pharmacies to strengthen their patient relationships while expanding their revenue growth opportunities.

Preparing for Medicare Open Enrollment

It's crucial to mention that for many patients, the Medicare Open Enrollment is the time of year to change their Medicare plans, whether they are shopping for new plans or newly eligible for a Medicare plan. That makes this a critical time for all pharmacists to offer guidance and help their patients choose the right plan. Additionally, the Medicare Open Enrollment is a perfect time for pharmacists to take the lead on their DIR fees. So, by comparing various Medicare plans, you can uncover cost opportunities and achieve significant savings for your patients and pharmacy.

Given that there are thousands of Medicare plans to compare, pharmacists need Medicare Match from EnlivenHealth® to compare different plans and help their patients choose a plan that allows them to make financial savings.