

PUBLIC SUBMISSION

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Docket: CMS-2014-0143

(CMS–10142) Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP)

Comment On: CMS-2014-0143-0001

(CMS–10142) Bid Pricing Tool (BPT) for Medicare Advantage (MA) Plans and Prescription Drug Plans (PDP)

Document: CMS-2014-0143-0002

MN

Submitter Information

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General Comment

We appreciate the opportunity to comment on the 2016 BPTs. Our comments are regarding the MA and Part D BPT instructions. We ask that CMS consider expanding the allowable demonstrations of the independence of related parties through the market comparison to allow for tests that demonstrate the related-party's pricing is within a range established by two other unrelated parties. Currently, related party testing requirements require a market comparison demonstration to be within 5% of a single unrelated party.

For our Part D program, we have a related party arrangement with our #1 ranked pharmacy based on the number of scripts filled. We produced a market comparison that demonstrated our related party pricing was 17% lower than our 2nd ranked pharmacy and 9% higher than our 3rd ranked pharmacy. Our test was not compliant with the bid instructions because it was not within 5% of either of those contracts despite being between them. We believe our test demonstrated that our arrangement:

1. Is not significantly different from the financial arrangements that would have been achieved in the absence of the relationship and
2. Does not provide the opportunity to over- or under- subsidize the bid.

As our initial test demonstrated, actual pricing variation in the pharmacy market greatly exceeds

the 5% threshold established by the Part D BPT instructions. Our test showed a 25% pricing variation between 2 large unrelated pharmacies. We would encourage CMS to consider this reality in future rulemaking.

Thank you for considering our comments.

My email for follow up questions: alison.t.hanson@healthpartners.com (the email data field did not accept my email as valid)